

# CITY OF HILLIARD, OHIO

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FRANKLIN COUNTY

## *Comprehensive Annual Financial Report*

For the Year Ended December 31, 2017

Prepared by:  
**Department of Finance**

David D. Delande  
**Director**

Greg A. Tantari  
**Deputy Director**



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## INTRODUCTORY SECTION

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**CITY OF HILLIARD, OHIO**  
**Comprehensive Annual Financial Report**  
**For The Year Ended December 31, 2017**  
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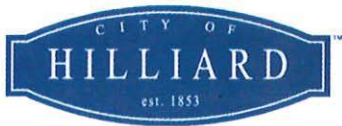
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June 22, 2018

To The Council and The Citizens of the City of Hilliard, Ohio:

We are pleased to submit to you the Comprehensive Annual Financial Report (CAFR) of the City of Hilliard (the City) for the year ended December 31, 2017. This CAFR is prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) and in conformance with standards of financial reporting established by the Governmental Accounting Standards Board (GASB) using guidelines recommended by the Government Finance Officers Association of the United States and Canada (GFOA).

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Wilson, Shannon & Snow, Inc. has issued an unmodified ("clean") opinion on the City's financial statements for the year ended December 31, 2017. The Independent Auditor's Report is located at the front of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the Independent Auditor's Report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

### ***Profile of the Government***

The City lies in the western half of Franklin County in portions of Norwich, Washington and Brown Townships and is located approximately ten miles northwest of downtown Columbus, the capital of the State of Ohio. The City encompasses an area of approximately 13 square miles. Rail service is provided by CSX and private air service is available five miles to the north and south by Don Scott Field and Bolton Field, respectively. The City is 20 miles from Port Columbus International Airport and has direct access to interstate highways I-70 and I-270 via three major interchanges. The City is situated 833 feet above sea level and experiences mean temperatures of 72 degrees during the summer and 30 degrees during the winter.

The Hilliard area was settled in the early 1800's and was incorporated as a village in 1869. The Village of Hilliard remained primarily agricultural in character until the 1950's when residential growth boomed. By December 12, 1960 the population had reached 5,000 and the Village of Hilliard became a City. The Mid-Ohio Regional Planning Commission estimates the population for the City to be 34,631 for 2017.

The City is serviced by the Hilliard City School District, which is an independent political subdivision not under the control or supervision of the City in any respect. The geographic boundaries of the School District are much larger than the City, encompassing some 60 square miles, and portions of several other municipalities (including the City of Columbus) as well as unincorporated areas of Franklin County. The School District estimates that 39.48 percent of its students reside in the City.

The City operates under a Charter first adopted by the voters in 1963 and most recently changed by voter approval November 3, 2009 effective January 1, 2010. The most notable changes eliminated term limits and provided for Council to utilize Executive Session to discuss employment issues, real estate purchases, pending court action, and employee contract negotiations. The laws of the State of Ohio prevail when conflicts exist between Charter and State Constitution and in matters where the Charter is silent. The Charter provides for a Mayor-Council form of government. The legislative body of the City consists of a seven-member Council, all elected at-large for four year overlapping terms. The Mayor is elected for a four-year term and serves as the Chief Executive Officer of the City. The Council fixes compensation levels of City officials and employees and enacts ordinances and resolutions relating to City services, tax levies, appropriations, indebtedness, licensing of regulated business and trades and other municipal purposes.

The Mayor serves full-time and appoints the following directors: Safety, Economic Development, Public Service, Human Resources, Parks and Recreation and Public Lands and Buildings who serve as department heads and report directly to the Mayor. The Director of Finance and the Director of Law are appointed by the Mayor with the advice and consent of the Council and serve both the Mayor and Council. The Director of Finance is the Chief Fiscal and Accounting Officer of the City. The responsibilities of this office include preparation and management of the capital and operating budgets and debt and treasury programs of the City.

The reporting entity is comprised of the primary government. The primary government consists of all the funds and departments which provide various services including police, recreation and parks, engineering, water services, sewer services, street maintenance and repair, zoning, municipal court, income tax collection and support services (i.e. payroll processing and accounts payable). The Mayor has direct responsibility for these activities.

Component units are organizations for which the City is financially accountable. The City is financially accountable for an organization if the City appoints a voting majority of the organization's governing board and (1) the City is able to significantly influence the programs or services performed or provided by the organization; or (2) the City is legally entitled to or can otherwise access the organizations resources; the City is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the City is obligated for the debt of the organization. Component units may also



include organizations for which the City approves their budget, the issuance of their debt or the levying of their taxes. Currently, the City does not have any component units.

The City's charter requires the Mayor to submit to Council on or before November 15<sup>th</sup> of each year a budget for the following year. Council sets the date and place of a public hearing on the budget and gives notice of the meeting time and place in a newspaper of general circulation at least five days prior to the hearing date. The budget is on file with the City Clerk and available for inspection prior to the hearing date. Council adopts the budget either as submitted or amended after the public hearing but no later than January 31. This budget serves as the appropriation ordinance and is filed with the Franklin County Auditor's office.

This annual budget serves as the foundation for the City of Hilliard's financial planning and control. The 2017 budget was prepared by fund and department and object level. Department heads may transfer resources within the object as they see fit. The budget was approved by Council as required by the City's Charter.

### ***Local Economy and Long-term Financial Planning***

The City is included in the Columbus Metropolitan Statistical Area (MSA) which is ranked 32<sup>nd</sup> in the nation by population. This MSA had an annual average unemployment rate at the end of 2017 of 3.7 percent while the State of Ohio was at an annual average 4.7 percent unemployment rate at the end of 2017 according to the Ohio Labor Market Information site for the Ohio Department of Jobs and Family Services. Our employment mix insulates us somewhat from what is happening elsewhere in the state. One of our largest employers is the Hilliard City School District which is the ninth largest district in the state according to the Ohio Department of Education. The list of our ten largest employers can be found in our statistical section and includes telecommunications, financial services, technology, marketing, insurance and manufacturing businesses.

The City's ability to provide opportunities for expansion of its residential, commercial, and industrial tax base is greatly influenced by its aggressive development strategy, excellent school system, recreational programs, police department, city services, and probably, most importantly, the annual five year Capital Improvement Program. The Capital Improvement Program provides the City with the framework to upgrade the infrastructure to make it possible to handle a growing and prosperous city. The Capital Improvement Program is a comprehensive five-year plan that is updated every year to prioritize projects and provide improvements to everything from streets and sewer and waterlines to ball fields, traffic signals, and the municipal complex.

### ***Relevant financial policies***

Income tax remains the primary source of revenue for the City and supports the five-year Capital Improvement Program. Income tax revenue is divided among the General Fund, Street Improvement Municipal Tax Special Revenue Fund, and Capital Improvement Municipal Tax Capital Projects Fund. The Street Improvement Municipal Tax Special Revenue Fund and the Capital Improvement Municipal Tax Capital Projects Fund provide funding for the City's capital needs by paying debt service or cash funding projects. The City issues debt for capital projects only.



The City uses historical revenue and expenditure trends in the budget process and provides monthly revenue and expenditure reports, income tax collections and projections reports and detailed quarterly reviews that include budget to actual year-to-date information to Council.

During 2014, Council adopted a General Fund balance policy that targets the fund reserve to be twenty five percent of annual operating expenditures on a budget basis.

The City adheres to the Uniform Depository Act of the State of Ohio to determine eligible investments for City funds. The City further limits investments to maturities of a maximum of two years. Cash flow forecasting and the use of short-term investments, such as repurchase agreements and the State Treasurer's Asset Reserve account (STAROhio), allow the City to earn interest on all funds.

### ***Major initiatives***

#### **Development**

2017 was a strong year for new development and company expansions in the City of Hilliard. Six companies proposed projects that will create 348 new jobs and retain 533 existing jobs. Low vacancy rates for office, industrial and retail properties led to more than \$45.7 million in new commercial building permits.

Two significant projects in the healthcare industry were substantially completed 2017. Mount Carmel Health constructed a medical office facility on the southeast corner of Britton Parkway and Davidson Road. This facility will include limited surgical facilities as well as an extensive rehabilitation services. Upon occupancy, 70 jobs will be added in the City of Hilliard. OhioHealth opened a stand-alone emergency room at the corner of Fishinger Boulevard and Ridge Mill Drive. This project is expected to bring 15 new jobs.

Several companies commenced or continued construction activity in the community. A \$300 million data center complex is under construction along Britton Parkway. This project has already added 50 new jobs to the City. Ten Pin Alley invested \$5.5 million in the renovation and expansion of a bowling alley and entertainment center. Landmark Lofts is a 204-unit apartment and 14,000 square foot commercial mixed-use project nearing completion in Old Hilliard. This \$15.5 million redevelopment project commenced leasing.

Businesses continue to see the benefit of locating to or expanding in the City of Hilliard. Dish Network celebrated their 10-year anniversary and will add 50 new employees to their facility. Battelle for Kids relocated to a property on Trueman Boulevard which will bring 48 jobs to the community. PharmaForce commenced a \$34 million expansion of the Lyman Drive facility and will hire 8 new employees. Envoy committed to investing \$8.2 million and creating 150 new jobs as part of the construction of a 36,000 square foot office suites project and coworking space.

Construction commenced on three new developments that have significant community benefit. The Columbus Public Library started \$15.7 million in renovations to the former Hickory Chase community center building. This facility will be the largest suburban branch of the library. Rock City Church broke ground on a new 45,448 square foot church and performing arts center. A

1,300 seat auditorium will be made available to the public. The Ashford at Sturbridge broke ground on a \$10.8 million, 124-unit affordable senior living facility.

### ***Awards and Acknowledgements***

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Hilliard, Ohio for its comprehensive annual financial report (CAFR) for the year ended December 31, 2016. This was the twenty-fifth consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, the City had to publish an easily readable and efficiently organized CAFR that satisfied both accounting principles generally accepted in the United States of America and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to GFOA to determine its eligibility for another certificate.

We wish to convey our appreciation to the City Administration and to the City Council for their support and for providing the necessary funds to prepare and publish this report.

The entire Finance Department played a part in preparing this report; they worked with extreme dedication to the project. Special thanks to Gregory A. Tantari, Deputy Finance Director and Karrie M. Martin, Fiscal Officer, for their special attention to the project.

Respectfully submitted,



David D. Delande  
Finance Director



Don Schornhardt  
Mayor



Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**City of Hilliard  
Ohio**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**December 31, 2016**

*Christopher P. Morill*

Executive Director/CEO

**City of Hilliard, Ohio***Principal Officials**December 31, 2017*Elected Officials

| Name            | Title                | Term Expires | Service | Surety |
|-----------------|----------------------|--------------|---------|--------|
| Don Schonhardt  | Mayor                | 12/31/2019   | 16      | A      |
| Nathan Painter  | President of Council | 12/31/2019   | 6       | A      |
| Les Carrier     | Council              | 12/31/2017   | 4       | A      |
| Tom Baker       | Council              | 12/31/2017   | 4       | A      |
| Albert J. Iosue | Council              | 12/31/2019   | 10      | A      |
| Kelly McGivern  | Council              | 12/31/2017   | 10      | A      |
| Bill Utley      | Council              | 12/31/2017   | 17      | A      |
| Joseph Erb      | Council              | 12/31/2019   | 6       | A      |

Appointed Officials

| Name               | Title  | Term Expires | Service | Surety |
|--------------------|--|--------------|---------|--------|
| David D. Delande   | Director of Finance                                      | Indefinite   | 23      | A & B  |
| Tracy Bradford     | Director of Law  | Indefinite   | 13      | A      |
| Don Schonhardt     | Director of Safety                                       | Indefinite   | 16      | A      |
| Clyde R. Seidle    | Director of Service                                      | Indefinite   | 14      | A      |
| Steven B. Mazer    | Director of<br>Parks and Recreation                      | Indefinite   | 10      | A      |
| David Meadows      | Director of Economic<br>Development                      | Indefinite   | 1       | A      |
| Julia Baxter       | Director of Human Resource                               | Indefinite   | 1       | A      |
| John F. Hall, III  | Director of Land & Bldgs.                                | Indefinite   | 13      | A      |
| J. Douglas Francis | Director of Communications<br>and Information Technology | Indefinite   | 9       | A      |
| Robert Fisher      | Chief of Police  | Indefinite   | 6       | A      |
| Lynn Fasone        | Clerk of Council   | Indefinite   | 13      | A      |

(A) National Casualty Insurance Company, \$1,000,000/\$1,000,000.

(B) US Fidelity Insurance Company, \$1,000,000 Bond.

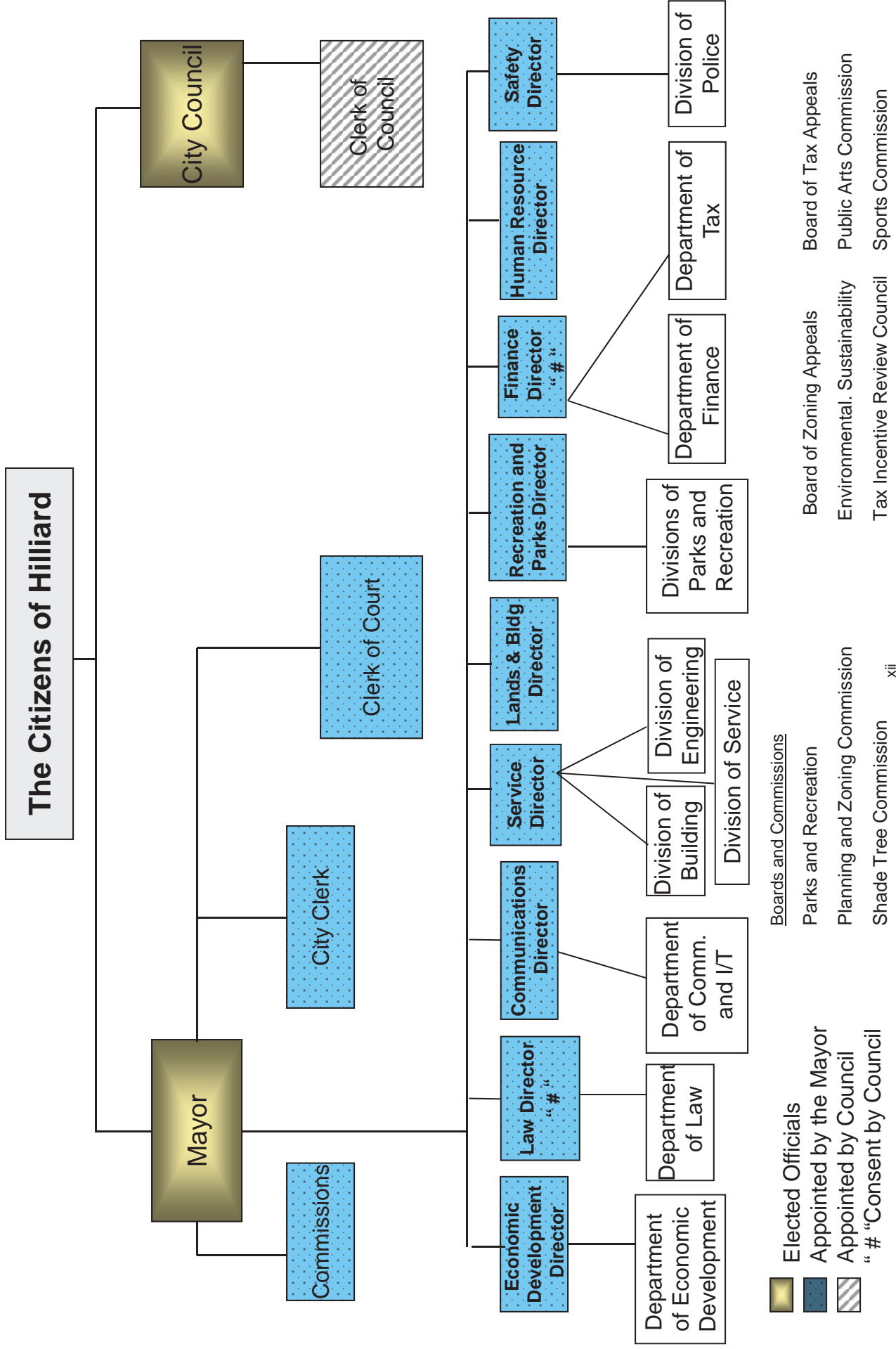
## City Address:

City of Hilliard  
3800 Municipal Way  
Hilliard, OH 43026



# The City of Hilliard, Ohio

## Organizational Chart





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## **FINANCIAL SECTION**

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City of Hilliard  
Franklin County  
3800 Municipal Way  
Hilliard, Ohio 43026

## INDEPENDENT AUDITOR'S REPORT

To the City Council and Management:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Hilliard, Franklin County, Ohio (the City), as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the City's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

## ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Hilliard, Franklin County, thereof and the respective budgetary comparisons for the General, Street Maintenance and Repair, Street Improvement Municipal Tax, Water and Sewer Revenue and TIF Funds thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

## ***Other Matters***

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require this presentation to include *Management's discussion and analysis* and schedules of net pension liabilities and pension contributions listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

### *Supplementary and Other Information*

Our audit was conducted to opine on the City's basic financial statements taken as a whole.

The introductory section, the financial section's combining statements, individual fund statements and schedules and the statistical section information present additional analysis and are not a required part of the basic financial statements.

The statements and schedules are management's responsibility, and derive from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected these statements and schedules to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling statements and schedules directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves in accordance with auditing standards generally accepted in the United States of America. In our opinion, these statements and schedules are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

We did not subject the introductory section and statistical section information to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion or any other assurance on them.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 22, 2018 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

*Wilson, Shannon & Son, Inc.*

Newark, Ohio  
June 22, 2018



Real People. Real Possibilities.

**CITY OF HILLIARD, OHIO**  
**Management's Discussion and Analysis**  
**Year Ended December 31, 2017**  
*Unaudited*

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## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

The City of Hilliard's ("the City") discussion and analysis of the annual financial report provides an overview of the City's financial activities for the year ended December 31, 2017.

### **FINANCIAL HIGHLIGHTS**

- The City's total net position increased \$2,514,959 in 2017.
- General revenues accounted for \$39,244,835 or 67% of total revenue. Program specific revenues in the form of charges for services, grants, contributions, and interest accounted for \$19,293,863 or 33% of total revenues of \$58,538,698.
- The City had \$56,023,739 in expenses related to governmental activities. Program revenues of \$19,293,863 reduced the net cost of the City's functions to be financed from the City's general revenues to \$36,729,876.
- The City's unassigned fund balance of the General Fund totaled \$9,023,648 at year end, or 41% of General Fund expenditures.

### **USING THIS ANNUAL FINANCIAL REPORT**

This annual report consists of a series of financial statements. These statements are presented so that the reader can understand the City of Hilliard's financial situation as a whole and also give a detailed view of the City's fiscal condition.

The Statement of Net Position and Statement of Activities provide information about the activities of the City as a whole and present a long-term view of the City's finances. The fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term, as well as the amount of funds available for future spending. The fund financial statements focus on the City's most significant funds, with all other nonmajor funds presented in total in one column.

### **REPORTING THE CITY AS A WHOLE**

#### *Statement of Net Position and the Statement of Activities*

The analysis of the City as a whole begins with the Statement of Net Position and the Statement of Activities. These statements provide information that will help the reader to determine if the City of Hilliard is financially better off or worse off because of the year's activities. These statements include all assets, deferred outflows of resources, liabilities, and deferred inflows of resources using the accrual basis of accounting, which is similar to the accounting used by private sector companies. All current year revenues and expenses are considered regardless of when cash is received or paid.

These two statements report the City's net position and changes to that position. These changes inform the reader whether the City's financial position, as a whole, has improved or diminished. In evaluating the overall financial health, the reader of these financial statements needs to consider non-financial factors that also impact the City's financial well-being. Some of these factors include the City's tax base and the condition of capital assets.

## **REPORTING THE CITY'S MOST SIGNIFICANT FUNDS**

### *Fund Financial Statements*

Fund financial statements provide detailed information about the City's major funds – not the City as a whole. Some funds are required by State law and bond covenants. Other funds may be established by the Finance Director, with the approval of the City Council, to help control, manage, and report money received for a particular purpose or to show that the City is meeting legal responsibilities for the use of grants. The City of Hilliard's major funds are the General Fund, the Street Maintenance and Repair, Street Improvement Municipal Tax, Water and Sewer Revenue, TIF Special Revenue Funds, and the Capital Improvement Municipal Tax Capital Projects Fund.

**Governmental Funds** – Most of the City's services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps to determine whether there are more or less financial resources that can be spent in the near future on services provided to our residents. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the basic financial statements.

**Proprietary Fund** – Proprietary funds use the same measurement focus and basis of accounting as the Government-Wide Financial Statements. The internal service fund is used to report activities that provide services to the City's other funds and departments; therefore, it has been included in the governmental activities in the Government-Wide Financial Statements.

**Fiduciary Funds** – The City's fiduciary funds are agency funds. All of the City's fiduciary funds are reported in a separate Statement of Fiduciary Assets and Liabilities – Agency Funds. We exclude these activities from the City's other financial statements, because the City cannot use these assets to finance its own operations. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Fiduciary funds use the accrual basis of accounting.



## THE CITY AS A WHOLE

As stated previously, the Statement of Net Position looks at the City as a whole. Table 1 provides a summary of the City's net position for 2017 compared to 2016.

**Table 1**  
**Net Position**

|   | Governmental Activities |                       |
|---|-------------------------|-----------------------|
|   | 2017                    | 2016                  |
| <b>Assets</b>                             |                         |                       |
| Current and other assets                  | \$ 50,630,255           | \$ 49,785,675         |
| Capital assets                            | 248,018,982             | 250,228,500           |
| <i>Total Assets</i>                       | <u>298,649,237</u>      | <u>300,014,175</u>    |
| <br><b>Deferred Outflows of Resources</b> | <br><u>8,884,770</u>    | <br><u>9,082,924</u>  |
| <br><b>Liabilities</b>                    |                         |                       |
| Long-term liabilities:                    |                         |                       |
| Net pension liabilities                   | 23,907,285              | 22,074,243            |
| Other long-term amounts                   | 64,369,842              | 70,586,098            |
| Other liabilities                         | 3,785,653               | 2,870,358             |
| <i>Total Liabilities</i>                  | <u>92,062,780</u>       | <u>95,530,699</u>     |
| <br><b>Deferred Inflows of Resources</b>  | <br><u>6,810,881</u>    | <br><u>7,421,013</u>  |
| <br><b>Net Position</b>                   |                         |                       |
| Net investment in capital assets          | 187,490,079             | 185,589,498           |
| Restricted                                | 16,913,151              | 16,230,358            |
| Unrestricted                              | 4,257,116               | 4,325,531             |
| <i>Total Net Position</i>                 | <u>\$ 208,660,346</u>   | <u>\$ 206,145,387</u> |

During 2015, the City adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement No. 27*, which significantly revised accounting for pension costs and liabilities. For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the City's actual financial condition by adding deferred inflows related to pension and the net pension liability to the reported net position and subtracting deferred outflows related to pension.

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. When accounting for pension costs, GASB Statement No. 27 focused on a funding approach. This approach limited pension costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's *net pension liability*. GASB Statement No. 68 takes an earnings approach to pension accounting; however, the nature of Ohio's statewide pension systems and state law governing those systems requires additional explanation to properly understand the information presented in these statements.

Under GASB Statement No. 68, the net pension liability equals the City's proportionate share of each plan's collective:

1. Present value of estimated future pension benefits attributable to active and inactive employees' past service
2. Minus plan assets available to pay these benefits

GASB notes that pension obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension. GASB noted that the unfunded portion of this pension promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the City is not responsible for certain key factors affecting the balance of this liability. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract, but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the pension system. In Ohio, there is no legal means to enforce the unfunded liability of the pension system *as against the public employer*. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The pension system is responsible for the administration of the plan.

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e., sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability. As explained above, changes in pension benefits, contribution rates, and return on investments affect the balance of the net pension liability, but are outside the control of the local government. If contributions, investment returns, and other changes are insufficient to keep up with the required pension payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability is satisfied, this liability is separately identified within the long-term liability section of the statement of net position.

In accordance with GASB Statement No. 68, the City's statements prepared on an accrual basis of accounting include an annual pension expense for their proportionate share of each plan's *change* in net pension liability not accounted for as deferred inflows/outflows.

The largest portion of the City's net position (90%) reflects its investment in capital assets, less any related outstanding debt that was used to acquire those assets. The City uses these capital assets to provide a variety of services to its citizens. Accordingly, these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources used to repay this debt must be provided from other sources, since capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position (8%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$4,257,116 is unrestricted and may be used to meet the City's ongoing obligations to its citizens and creditors.

At the end of the current year, the City was able to report positive balances in all reported categories of net position. The same situation held true for the prior year. The City's overall net position increased \$2,514,959 from the prior year. The reasons for this overall are discussed in the following section.

Table 2 shows the changes in net position for the years ended December 31, 2017 and 2016.

**Table 2**  
**Changes in Net Position**

|  | Governmental Activities |                       |
|--|-------------------------|-----------------------|
|  | 2017                    | 2016                  |
| <b>Revenues</b>  |                         |                       |
| Program revenues:  |                         |                       |
| Charges for services   | \$ 9,512,631            | \$ 11,048,412         |
| Operating grants and contributions                             | 2,538,885               | 2,195,900             |
| Capital grants and contributions                               | 7,242,347               | 8,713,838             |
| <i>Total program revenues</i>                                  | <u>19,293,863</u>       | <u>21,958,150</u>     |
| General revenues:  |                         |                       |
| Property and other local taxes                                 | 1,526,373               | 1,429,888             |
| Municipal income taxes   | 29,197,481              | 27,870,739            |
| Payments in lieu of taxes                                      | 7,201,942               | 6,238,064             |
| Grants and entitlements not<br>restricted to specific programs | 731,344                 | 706,750               |
| Investment earnings  | 332,676                 | 199,018               |
| Miscellaneous  | 255,019                 | 334,063               |
| <i>Total general revenues</i>                                  | <u>39,244,835</u>       | <u>36,778,522</u>     |
| <i>Total revenues</i>  | <u>58,538,698</u>       | <u>58,736,672</u>     |
| <b>Expenses</b>  |                         |                       |
| General government   | 11,597,782              | 12,247,477            |
| Security of persons and property                               | 10,957,889              | 10,955,413            |
| Public health  | 256,406                 | 237,546               |
| Leisure time activities  | 6,421,668               | 4,442,567             |
| Community environment  | 4,365,272               | 3,856,330             |
| Basic utility services   | 8,563,635               | 8,242,381             |
| Transportation   | 11,985,105              | 8,759,098             |
| Interest and fiscal charges                                    | 1,875,982               | 2,094,479             |
| <i>Total expenses</i>  | <u>56,023,739</u>       | <u>50,835,291</u>     |
| <i>Change in net position</i>                                  | 2,514,959               | 7,901,381             |
| <i>Net position, beginning of year</i>                         | <u>206,145,387</u>      | <u>198,244,006</u>    |
| <i>Net position, end of year</i>                               | <u>\$ 208,660,346</u>   | <u>\$ 206,145,387</u> |

The 2.0 percent income tax is generally the largest source of revenue for the City of Hilliard. Employers within the City are required to withhold income tax on employee compensation and remit the tax to the City bimonthly, monthly, or quarterly. Corporations and other individual taxpayers are required to pay their estimated tax quarterly and file a declaration annually. The City allows a credit for income taxes paid to another municipality up to 100 percent of the City's current tax rate.

The City's employment picture remains stable. With new businesses, increasing personal income trend and decreasing unemployment (as can be seen in the statistical section), the City has seen its income tax revenue increase 5% over the prior year.

In 2017, total revenue decreased \$197,974 as compared to 2016. The increase in total General Revenues was \$2,466,313, while total Program Revenues decreased \$2,664,287.

Under program revenues, the City experienced decreases in charges for services and capital grants and contributions during 2017. Impact fees, utility tap and capacity fees, and permit revenue, under charges for services, decreased due to completion of a major apartment project in the prior year. The decrease in capital grants and contributions was attributable to infrastructure donated by developers as part of two large roadway extension projects that were donated in 2016.

Overall, general revenues increased compared to the prior year, primarily driven by the growth in income taxes, as discussed above, and growth in property taxes and payments in lieu of taxes, as the City's property valuations continue to grow.

Table 3 for governmental activities, indicates the total cost of services and the net cost of services. The statement of activities reflects the cost of program services and the charges of services and sales, grants, and contributions offsetting those services. The net cost of services identifies the cost of those services supported by general revenues.

**Table 3**

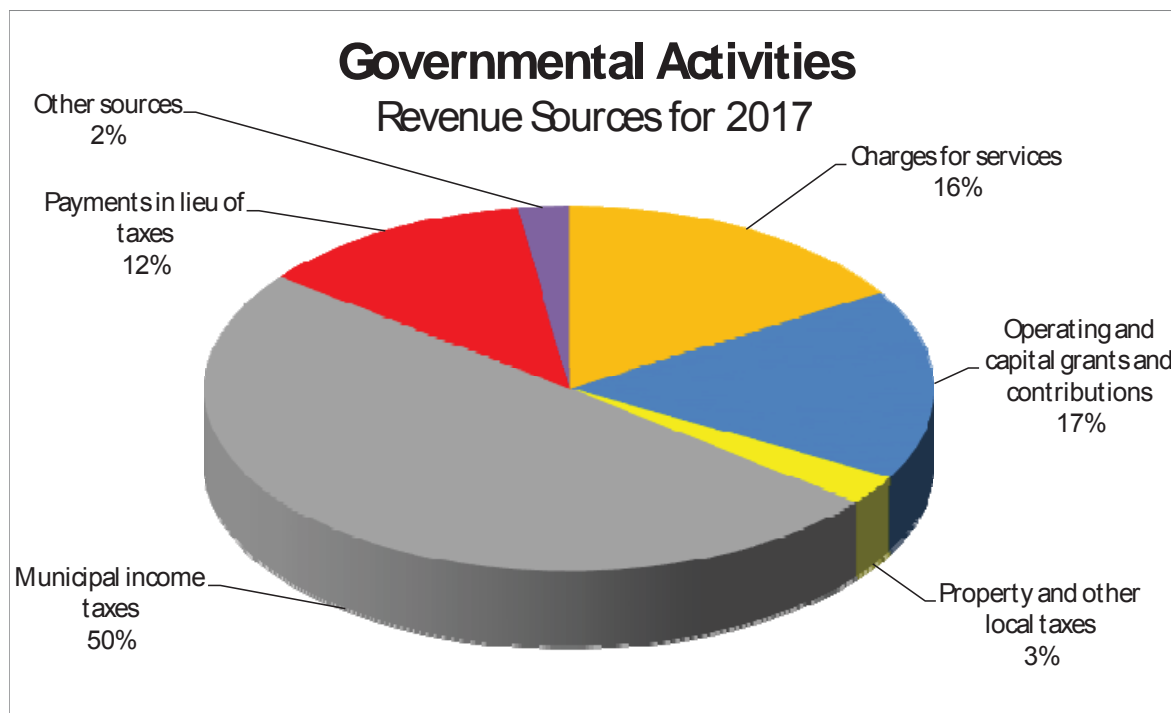
|                                  | Total Cost<br>of Services<br>2017 | Net Cost<br>of Services<br>2017 | Total Cost<br>of Services<br>2016 | Net Cost<br>of Services<br>2016 |
|----------------------------------|-----------------------------------|---------------------------------|-----------------------------------|---------------------------------|
| General government               | \$ 11,597,782                     | \$ 10,257,649                   | \$ 12,247,477                     | \$ 11,367,182                   |
| Security of persons and property | 10,957,889                        | 9,805,230                       | 10,955,413                        | 9,943,142                       |
| Public health                    | 256,406                           | 256,406                         | 237,546                           | 237,546                         |
| Leisure time activities          | 6,421,668                         | 5,267,620                       | 4,442,567                         | 2,949,537                       |
| Community environment            | 4,365,272                         | 1,200,123                       | 3,856,330                         | 751,152                         |
| Basic utility services           | 8,563,635                         | 412,089                         | 8,242,381                         | (2,277,607)                     |
| Transportation                   | 11,985,105                        | 7,654,777                       | 8,759,098                         | 3,811,710                       |
| Interest and fiscal charges      | 1,875,982                         | 1,875,982                       | 2,094,479                         | 2,094,479                       |
|                                  | <u>\$ 56,023,739</u>              | <u>\$ 36,729,876</u>            | <u>\$ 50,835,291</u>              | <u>\$ 28,877,141</u>            |

It should be noted that 34% of the costs of services for governmental activities are paid by program revenues, including charges for services, operating grants, capital grants and other contributions. As shown by the total net costs of \$36,729,876, the majority of the City programs are funded by general revenues. A significant portion of the total general revenues consists of income taxes, property taxes and payments in lieu of taxes.

The City experienced a 10% increase in expenses during the year. The increase was driven by increased leisure time activities, due to increased pension expenses and repairs and maintenance at many of the City's recreation facilities, and transportation expenses, due to a \$2.1 million reimbursement payment to Franklin County for the City's share on a road project and road maintenance and repairs.

The Administration and City Council base spending decisions on how they will improve the quality of life for the citizens and business in Hilliard. The Administration and City Council committed to maintain and improve the City's investments by providing appropriations for capital assets, equipment and repairs. Overall, the City had several active capital improvement projects during 2017 and focused on preserving existing assets. These assets include street resurfacing, sidewalk replacements, safety and street maintenance equipment and vehicles, as well as park and recreation equipment.

When looking at the sources of income to support governmental activities, it should be noted that charges for services are only 16% of total revenues. Revenues provided by sources other than City residents in the form of operating and capital grants and contributions restricted to a certain program comprise another 17% of total revenues. The remaining revenues are primarily generated locally through income taxes. City Council relies on these taxes to furnish the quality of life to businesses and citizens to which they and previous Councils have always been committed.



## **THE CITY'S GOVERNMENTAL FUNDS**

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements.

At December 31, 2017, the City's governmental funds reported combined fund balances of \$36,410,379, a decrease of \$632,644 in comparison with the prior year. Approximately 24% of this amount (\$8,823,935) constitutes unassigned fund balance, which is available for spending at the City's discretion. The remainder of the fund balance is either nonspendable, restricted, committed, or assigned to indicate that it is 1) not in spendable form (\$71,894), 2) restricted for particular purposes (\$15,310,227), 3) committed for particular purposes (\$5,157,370), or 4) assigned for particular purposes (\$7,046,953).

The General Fund ended the current year with a fund balance of \$16,226,284. Of this amount, \$9,023,648 is considered unassigned, which represents 41% of current year expenditures. The General Fund continues to rely heavily on the City's income tax as its primary source of revenue for operations. The fund balance increased \$478,134 in 2017, which was \$2.9 million less than the prior year's increase in fund balance. This is attributable to an increase in net-profit refunds, including \$684,000 to one major employer, and an increase of \$1.6 million in transfers to the Capital Improvement Municipal Tax Capital Projects Fund to fund various capital improvements.

The increase of \$430,878 in the Street Maintenance and Repair Special Revenue Fund was due to lower fuel prices and a mild winter requiring less salt.

The Street Improvement Municipal Tax Special Revenue Fund increased by \$258,268. This increase was \$332,413 more than the prior year's decrease, due primarily to increases in income taxes, previously discussed.

The Water and Sewer Revenue Special Revenue Fund's fund balance decreased by \$308,378. This fund was impacted by the decrease in utility tap and capacity fees previously discussed.

The TIF Special Revenue Fund increased by \$1,175,152. The increase was driven by increases in assessed property valuations, upon which the payments in lieu of taxes are based on.

The Capital Improvement Municipal Tax Capital Projects Fund decreased by \$2,795,670, primarily due to lower impact fees, previously discussed and less new debt issued compared to prior years.

### ***General Fund Budgeting Highlights***

The City's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, cash disbursements and encumbrances. The appropriations ordinance is Council's authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by Council as provided for in the City's charter. The legal level of control has been established by Council at the object level.

During 2017, the total amount of the General Fund budgeted expenditures and transfers increased from \$27.7 million to \$32.4 million, a difference of \$4.7 million, to account for wage increases in the FOP contract and Council-approved transfer to fund capital improvements. Actual expenditures were \$3.8 million less than budgeted, due to conservative budgeting and not needing to add funds to the Reserve Fund.

General Fund final budgeted revenues were \$3.5 million higher than the original budgeted revenues to account for the income tax revenue growth. Actual revenues were \$26.7 million, a difference of \$2.3 million, primarily due to better than expected income tax collections, with increases in employment within the City.

## **CAPITAL ASSETS AND DEBT ADMINISTRATION**

### ***Capital Assets***

At December 31, 2017, the City's capital assets decreased \$2,209,518 to \$248,018,982.

**Table 4**  
**Capital Assets at Year-End**  
(Net of Depreciation)

|                                   | Governmental Activities |                       |
|-----------------------------------|-------------------------|-----------------------|
|                                   | 2017                    | 2016                  |
| Land                              | \$ 10,851,868           | \$ 9,653,868          |
| Construction in progress          | 8,157,733               | 7,845,887             |
| Buildings                         | 6,272,648               | 6,626,101             |
| Improvements other than buildings | 10,575,697              | 10,927,685            |
| Machinery and equipment           | 1,690,490               | 1,844,299             |
| Furniture and fixtures            | 179,332                 | 168,470               |
| Vehicles                          | 1,144,918               | 996,241               |
| Infrastructure                    | <u>209,146,296</u>      | <u>212,165,949</u>    |
| Totals                            | <u>\$ 248,018,982</u>   | <u>\$ 250,228,500</u> |

Capital Assets decreased primarily due to completion of infrastructure projects, including Riggins Road, Main Street and Center Road projects, and \$12.4 million in depreciation expense. See Note 7 of the Notes to the Basic Financial Statements for more detailed information.



## ***Debt***

At December 31, 2017, the City of Hilliard had \$62,467,538 in debt outstanding.

**Table 5**  
**Outstanding Debt**

|                          | Governmental Activities |                      |
|--------------------------|-------------------------|----------------------|
|                          | 2017                    | 2016                 |
| OWDA loan payable        | \$ 741,478              | \$ 974,279           |
| OPWC loan payable        | 2,238,947               | 2,348,164            |
| General obligation bonds | 49,830,000              | 49,190,000           |
| General obligation notes | -                       | 6,500,000            |
| Capital leases           | 5,331,545               | 5,500,769            |
| Premiums on bonds issued | 4,325,568               | 4,317,370            |
| Totals                   | <u>\$ 62,467,538</u>    | <u>\$ 68,830,582</u> |

The decrease in outstanding debt is primarily due to not issuing general obligation notes in 2017 as had been done in prior years. During the year, the City new debt activity was limited to issuing \$4,655,000 in new bonds for various capital improvements.

Generally, all general obligation bond and note issues will be paid through the Water and Sewer Revenue, Street Improvement Municipal Tax, and TIF Special Revenue Funds, and the Capital Improvements Municipal Tax Capital Projects Fund.

The OWDA and OPWC loans will be paid from the Capital Improvements Municipal Tax Capital Projects Fund.

The City's overall 10.5 percent legal debt margin was \$108,274,872 as of December 31, 2017. The more restrictive unvoted legal debt margin within 5.5 percent was \$56,715,409 as of the same date.

See Note 14 of the Notes to the Basic Financial Statements for more detailed information about the City's debt.

## **CONTACTING THE CITY'S FINANCE DEPARTMENT**

This financial report is designed to provide our citizens, taxpayers, creditors, and investors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact David Delande, Director of Finance, City of Hilliard, 3800 Municipal Way, Hilliard, Ohio 43026.



**CITY OF HILLIARD, OHIO**

## Statement of Net Position

December 31, 2017

|  | Governmental<br>Activities |
|--|----------------------------|
| <b>Assets</b>                                  |                            |
| Equity in pooled cash and investments          | \$ 36,885,093              |
| Accounts receivable                            | 325,858                    |
| Municipal income tax receivable                | 5,722,845                  |
| Due from other governments                     | 1,204,488                  |
| Payments in lieu of taxes receivable           | 4,908,184                  |
| Prepaid items                                  | 71,894                     |
| Property and other local taxes receivable      | 1,511,893                  |
| Nondepreciable capital assets                  | 19,009,601                 |
| Depreciable capital assets, net                | 229,009,381                |
| Total assets                                   | <u>298,649,237</u>         |
| <b>Deferred Outflows of Resources</b>          |                            |
| Deferred charges on refunding                  | 1,938,635                  |
| Pensions                                       | 6,946,135                  |
| Total deferred outflows of resources           | <u>8,884,770</u>           |
| <b>Liabilities</b>                             |                            |
| Accounts payable                               | 1,743,035                  |
| Accrued liabilities                            | 290,000                    |
| Accrued wages payable                          | 292,551                    |
| Matured compensated absences                   | 294,851                    |
| Due to other governments                       | 215,769                    |
| Accrued interest payable                       | 145,807                    |
| Claims payable                                 | 452,000                    |
| Unearned revenue                               | 351,640                    |
| Long-term liabilities:                         |                            |
| Due within one year                            | 5,568,895                  |
| Due in more than one year:                     |                            |
| Net pension liabilities                        | 23,907,285                 |
| Other amounts due more than one year           | 58,800,947                 |
| Total liabilities                              | <u>92,062,780</u>          |
| <b>Deferred Inflow of Resources</b>            |                            |
| Property taxes levied for next year            | 1,480,961                  |
| Payments in lieu of taxes levied for next year | 4,908,184                  |
| Pensions                                       | 421,736                    |
| Total deferred inflows of resources            | <u>6,810,881</u>           |
| <b>Net Position</b>                            |                            |
| Net investment in capital assets               | 187,490,079                |
| Restricted for:                                |                            |
| Streets and transportation                     | 7,100,656                  |
| Capital outlay                                 | 9,431,309                  |
| Other purposes                                 | 381,186                    |
| Unrestricted                                   | <u>4,257,116</u>           |
| Total net position                             | <u>\$ 208,660,346</u>      |

See accompanying notes to the basic financial statements.



Real People. Real Possibilities.

**CITY OF HILLIARD, OHIO**

Statement of Activities

Year Ended December 31, 2017

| Functions/Programs   | Program Revenues |                         |  | Net (Expense)<br>Revenue and<br>Changes in Net<br>Position |
|--|------------------|-------------------------|--|--|
|  | Expenses         | Charges for<br>Services | Operating<br>Grants and<br>Contributions |  |
|  |                  |                         |  |  |
| Governmental activities:                                     |                  |                         |  |  |
| General government   | \$ 11,597,782    | \$ 847,633              | \$ 492,500                               | \$ (10,257,649)  |
| Security of persons and property                             | 10,957,889       | 1,068,701               | 83,958                                   | (9,805,230)  |
| Public health  | 256,406          | -                       | -  | (256,406)  |
| Leisure time activities                                      | 6,421,668        | 1,152,698               | 1,350                                    | (5,267,620)  |
| Community environment  | 4,365,272        | 3,165,149               | -  | (1,200,123)  |
| Basic utility services                                       | 8,563,635        | 3,278,450               | -  | (412,089)  |
| Transportation   | 11,985,105       | -                       | 1,961,077                                | (7,654,777)  |
| Interest and fiscal charges                                  | 1,875,982        | -                       | -  | (1,875,982)  |
| Total governmental activities                                | \$ 56,023,739    | \$ 9,512,631            | \$ 2,538,885                             | (36,729,876)   |
| General revenues:  |                  |                         |  | 1,526,373  |
| Property taxes levied for general purposes                   |                  |                         |  | 18,729,749   |
| Municipal income taxes levied for:                           |                  |                         |  | 3,170,538  |
| General purposes   |                  |                         |  | 7,297,194  |
| Transportation   |                  |                         |  | 7,201,942  |
| Capital outlay   |                  |                         |  | 731,344  |
| Payments in lieu of taxes                                    |                  |                         |  | 332,676  |
| Grants and contributions not restricted to specific programs |                  |                         |  | 255,019  |
| Investment earnings  |                  |                         |  | 39,244,835   |
| Miscellaneous  |                  |                         |  |  |
| Total general revenues                                       |                  |                         |  |  |
| Change in net position                                       |                  |                         |  | 2,514,959  |
| Net position beginning of year                               |                  |                         |  | 206,145,387  |
| Net position end of year                                     |                  |                         |  | \$ 208,660,346   |

See accompanying notes to the basic financial statements.

**CITY OF HILLIARD, OHIO**

## Balance Sheet

## Governmental Funds

December 31, 2017

|   | General              | Street<br>Maintenance<br>and Repair | Street<br>Improvement<br>Municipal Tax |
|---|----------------------|-------------------------------------|--|
| <b>Assets</b>   |                      |                                     |  |
| Equity in pooled cash and cash equivalents                            | \$ 16,224,113        | \$ 1,652,380                        | \$ 2,886,127                           |
| Receivables:  |                      |                                     |  |
| Property and other local taxes  | 1,511,893            | -                                   | -                                      |
| Payments in lieu of taxes   | -                    | -                                   | -                                      |
| Municipal income taxes  | 3,719,849            | -                                   | 572,285                                |
| Accounts  | 140,974              | 1,842                               | -                                      |
| Due from other funds  | 48,152               | -                                   | -                                      |
| Due from other governments  | 251,869              | 728,406                             | -                                      |
| Prepaid items   | 71,894               | -                                   | -                                      |
| Interfund receivable  | 188,885              | -                                   | -                                      |
| Total assets  | <u>\$ 22,157,629</u> | <u>\$ 2,382,628</u>                 | <u>\$ 3,458,412</u>                    |
| <b>Liabilities</b>  |                      |                                     |  |
| Accounts payable  | \$ 492,800           | \$ 40,933                           | \$ 522,041                             |
| Accrued liabilities   | 290,000              | -                                   | -                                      |
| Due to other funds  | 386,491              | 30,122                              | -                                      |
| Interfund payable   | -                    | -                                   | -                                      |
| Accrued wages payable   | 251,288              | 10,410                              | -                                      |
| Matured compensated absences  | 275,883              | 4,742                               | -                                      |
| Due to other governments  | 185,448              | 7,658                               | -                                      |
| Unearned revenue  | 351,640              | -                                   | -                                      |
| Total liabilities   | <u>2,233,550</u>     | <u>93,865</u>                       | <u>522,041</u>                         |
| <b>Deferred Inflows of Resources</b>                                  |                      |                                     |  |
| Property taxes levied for next year                                   | 1,480,961            | -                                   | -                                      |
| Payments in lieu of taxes levied for next year                        | -                    | -                                   | -                                      |
| Unavailable revenue   | 2,216,834            | 485,973                             | 293,694                                |
| Total deferred inflows of resources                                   | <u>3,697,795</u>     | <u>485,973</u>                      | <u>293,694</u>                         |
| <b>Fund balances</b>  |                      |                                     |  |
| Nonspendable  | 71,894               | -                                   | -                                      |
| Restricted  | -                    | 1,802,790                           | -                                      |
| Committed   | 83,789               | -                                   | 2,642,677                              |
| Assigned  | 7,046,953            | -                                   | -                                      |
| Unassigned (deficit)  | 9,023,648            | -                                   | -                                      |
| Total fund balances   | <u>16,226,284</u>    | <u>1,802,790</u>                    | <u>2,642,677</u>                       |
| Total liabilities, deferred inflows of<br>resources and fund balances | <u>\$ 22,157,629</u> | <u>\$ 2,382,628</u>                 | <u>\$ 3,458,412</u>                    |

See accompanying notes to the basic financial statements.

| Water<br>and Sewer<br>Revenue | TIF                 | Capital<br>Improvement<br>Municipal Tax | Nonmajor<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|-------------------------------|---------------------|---|-----------------------------------|--------------------------------|
| \$ 1,719,340                  | \$ 4,169,753        | \$ 8,325,182                            | \$ 1,631,090                      | \$ 36,607,985                  |
| -                             | -                   | -                                       | -                                 | 1,511,893                      |
| -                             | 4,908,184           | -                                       | -                                 | 4,908,184                      |
| -                             | -                   | 1,430,711                               | -                                 | 5,722,845                      |
| 46,715                        | -                   | -                                       | 136,327                           | 325,858                        |
| -                             | -                   | -                                       | -                                 | 48,152                         |
| -                             | 103,495             | -                                       | 120,718                           | 1,204,488                      |
| -                             | -                   | -                                       | -                                 | 71,894                         |
| -                             | -                   | -                                       | -                                 | 188,885                        |
| <u>\$ 1,766,055</u>           | <u>\$ 9,181,432</u> | <u>\$ 9,755,893</u>                     | <u>\$ 1,888,135</u>               | <u>\$ 50,590,184</u>           |
| \$ 72,374                     | \$ -                | \$ 324,584                              | \$ 290,303                        | \$ 1,743,035                   |
| -                             | -                   | -                                       | -                                 | 290,000                        |
| 55,718                        | -                   | -                                       | 27,859                            | 500,190                        |
| -                             | -                   | -                                       | 188,885                           | 188,885                        |
| 20,820                        | -                   | -                                       | 10,033                            | 292,551                        |
| 9,484                         | -                   | -                                       | 4,742                             | 294,851                        |
| 15,316                        | -                   | -                                       | 7,347                             | 215,769                        |
| -                             | -                   | -                                       | -                                 | 351,640                        |
| <u>173,712</u>                | <u>-</u>            | <u>324,584</u>                          | <u>529,169</u>                    | <u>3,876,921</u>               |
| -                             | -                   | -                                       | -                                 | 1,480,961                      |
| -                             | 4,908,184           | -                                       | -                                 | 4,908,184                      |
| -                             | 103,495             | 734,233                                 | 79,510                            | 3,913,739                      |
| <u>-</u>                      | <u>5,011,679</u>    | <u>734,233</u>                          | <u>79,510</u>                     | <u>10,302,884</u>              |
| -                             | -                   | -                                       | -                                 | 71,894                         |
| -                             | 4,169,753           | 8,697,076                               | 640,608                           | 15,310,227                     |
| 1,592,343                     | -                   | -                                       | 838,561                           | 5,157,370                      |
| -                             | -                   | -                                       | -                                 | 7,046,953                      |
| -                             | -                   | -                                       | (199,713)                         | 8,823,935                      |
| <u>1,592,343</u>              | <u>4,169,753</u>    | <u>8,697,076</u>                        | <u>1,279,456</u>                  | <u>36,410,379</u>              |
| <u>\$ 1,766,055</u>           | <u>\$ 9,181,432</u> | <u>\$ 9,755,893</u>                     | <u>\$ 1,888,135</u>               | <u>\$ 50,590,184</u>           |



Real People. Real Possibilities.

**CITY OF HILLIARD, OHIO**  
Reconciliation of Total Governmental Fund Balances to  
Net Position of Governmental Activities  
December 31, 2017

---

|   |                     |                       |
|---|---------------------|-----------------------|
| <b>Total governmental fund balances</b>   |                     | \$ 36,410,379         |
| <i>Amounts reported for governmental activities in the statement of net position are different because:</i>   |                     |                       |
| Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.   |                     | 248,018,982           |
| Other long-term assets are not available to pay for current-period expenditures and therefore are unavailable in the funds.   |                     | 3,913,739             |
| Internal service funds are used to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position. |                     | 277,146               |
| Long-term liabilities, including bonds and loans payable, are not due and payable in the current period and therefore are not reported in the funds:  |                     |                       |
| Bonds payable   | (54,155,568)        |                       |
| OWDA loans payable  | (741,478)           |                       |
| OPWC loans payable  | (2,238,947)         |                       |
| Capital lease payable   | (5,331,545)         |                       |
| Compensated absences payable  | <u>(1,902,304)</u>  | (64,369,842)          |
| Accrued interest on long-term debt is not reported in the funds.  |                     | (145,807)             |
| Deferred outflows of resources from losses on refunding are amortized over the life of the bonds and are not reported in the funds.   |                     | 1,938,635             |
| The net pension liability is not due and payable in the current period; therefore, the liability and related deferred inflows/outflows are not reported in the governmental funds:  |                     |                       |
| Deferred outflows - pensions  | 6,946,135           |                       |
| Deferred inflows - pensions   | (421,736)           |                       |
| Net pension liability   | <u>(23,907,285)</u> | <u>(17,382,886)</u>   |
| <b>Net position of governmental activities</b>  |                     | \$ <u>208,660,346</u> |

See accompanying notes to the basic financial statements.

**CITY OF HILLIARD, OHIO**

## Statement of Revenues, Expenditures and Changes in Fund Balances

## Governmental Funds

Year Ended December 31, 2017

|  | General              | Street<br>Maintenance<br>and Repair | Street<br>Improvement<br>Municipal Tax |
|--|----------------------|-------------------------------------|--|
| <b>Revenues</b>                              |                      |                                     |  |
| Property and other local taxes               | \$ 1,528,261         | \$ -                                | \$ -                                   |
| Municipal income taxes                       | 18,030,859           | -                                   | 2,927,266                              |
| Payment in lieu of taxes                     | -                    | -                                   | -                                      |
| Intergovernmental                            | 519,026              | 1,523,310                           | -                                      |
| Charges for services                         | 4,062,353            | -                                   | -                                      |
| Licenses and permits                         | 1,378,191            | -                                   | -                                      |
| Fines and forfeitures                        | 261,207              | -                                   | -                                      |
| Investment income                            | 319,892              | 9,415                               | -                                      |
| Miscellaneous                                | 127,292              | 48,325                              | 2,480                                  |
| Total revenues                               | <u>26,227,081</u>    | <u>1,581,050</u>                    | <u>2,929,746</u>                       |
| <b>Expenditures</b>                          |                      |                                     |  |
| Current:                                     |                      |                                     |  |
| General government                           | 5,537,966            | -                                   | 57,725                                 |
| Security of persons and property             | 9,522,527            | -                                   | -                                      |
| Public health                                | 256,406              | -                                   | -                                      |
| Leisure time activities                      | 3,247,217            | -                                   | -                                      |
| Community environment                        | 3,695,283            | -                                   | -                                      |
| Basic utility services                       | -                    | -                                   | -                                      |
| Transportation                               | -                    | 1,150,172                           | 2,313,803                              |
| Debt Service:                                |                      |                                     |  |
| Principal retirement                         | -                    | -                                   | 171,400                                |
| Interest and fiscal charges                  | -                    | -                                   | 128,550                                |
| Issuance costs                               | -                    | -                                   | -                                      |
| Total expenditures                           | <u>22,259,399</u>    | <u>1,150,172</u>                    | <u>2,671,478</u>                       |
| Excess of revenues over (under) expenditures | <u>3,967,682</u>     | <u>430,878</u>                      | <u>258,268</u>                         |
| <b>Other Financing Sources (Uses)</b>        |                      |                                     |  |
| Sale of capital assets                       | 10,452               | -                                   | -                                      |
| General obligation bonds issued              | -                    | -                                   | -                                      |
| Premium on bonds issued                      | -                    | -                                   | -                                      |
| Transfers in                                 | -                    | -                                   | -                                      |
| Transfers out                                | (3,500,000)          | -                                   | -                                      |
| Total other financing sources (uses)         | <u>(3,489,548)</u>   | <u>-</u>                            | <u>-</u>                               |
| Net change in fund balances                  | 478,134              | 430,878                             | 258,268                                |
| Fund balance, beginning of year              | <u>15,748,150</u>    | <u>1,371,912</u>                    | <u>2,384,409</u>                       |
| Fund balance, end of year                    | <u>\$ 16,226,284</u> | <u>\$ 1,802,790</u>                 | <u>\$ 2,642,677</u>                    |

See accompanying notes to the basic financial statements.



| Water<br>and Sewer<br>Revenue | TIF                 | Capital<br>Improvement<br>Municipal Tax | Nonmajor<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|-------------------------------|---------------------|---|-----------------------------------|--------------------------------|
| \$ -                          | \$ -                | \$ -                                    | \$ -                              | \$ 1,528,261                   |
| -                             | -                   | 6,983,141                               | -                                 | 27,941,266                     |
| -                             | 7,201,942           | -                                       | -                                 | 7,201,942                      |
| -                             | 220,072             | 23,123                                  | 3,115,846                         | 5,401,377                      |
| 1,799,729                     | -                   | -                                       | 1,330,124                         | 7,192,206                      |
| -                             | -                   | 422,000                                 | 112,930                           | 1,913,121                      |
| -                             | -                   | -                                       | 142,692                           | 403,899                        |
| -                             | -                   | -                                       | 3,369                             | 332,676                        |
| 10,557                        | -                   | 35,800                                  | 23,970                            | 248,424                        |
| <u>1,810,286</u>              | <u>7,422,014</u>    | <u>7,464,064</u>                        | <u>4,728,931</u>                  | <u>52,163,172</u>              |
| -                             | 2,738,422           | 1,988,049                               | 20,963                            | 10,343,125                     |
| -                             | -                   | 275,249                                 | 95,993                            | 9,893,769                      |
| -                             | -                   | -                                       | -                                 | 256,406                        |
| -                             | -                   | 2,880,330                               | 983,022                           | 7,110,569                      |
| -                             | -                   | 181,400                                 | -                                 | 3,876,683                      |
| 1,828,847                     | -                   | 957,726                                 | 707,289                           | 3,493,862                      |
| -                             | 1,570,172           | 1,912,465                               | 2,792,692                         | 9,739,304                      |
| 221,000                       | 1,507,000           | 9,126,842                               | -                                 | 11,026,242                     |
| 68,817                        | 431,268             | 1,442,289                               | -                                 | 2,070,924                      |
| -                             | -                   | 104,753                                 | -                                 | 104,753                        |
| <u>2,118,664</u>              | <u>6,246,862</u>    | <u>18,869,103</u>                       | <u>4,599,959</u>                  | <u>57,915,637</u>              |
| <u>(308,378)</u>              | <u>1,175,152</u>    | <u>(11,405,039)</u>                     | <u>128,972</u>                    | <u>(5,752,465)</u>             |
| -                             | -                   | 700                                     | -                                 | 11,152                         |
| -                             | -                   | 4,655,000                               | -                                 | 4,655,000                      |
| -                             | -                   | 453,669                                 | -                                 | 453,669                        |
| -                             | -                   | 3,500,000                               | -                                 | 3,500,000                      |
| -                             | -                   | -                                       | -                                 | (3,500,000)                    |
| -                             | -                   | 8,609,369                               | -                                 | 5,119,821                      |
| (308,378)                     | 1,175,152           | (2,795,670)                             | 128,972                           | (632,644)                      |
| <u>1,900,721</u>              | <u>2,994,601</u>    | <u>11,492,746</u>                       | <u>1,150,484</u>                  | <u>37,043,023</u>              |
| <u>\$ 1,592,343</u>           | <u>\$ 4,169,753</u> | <u>\$ 8,697,076</u>                     | <u>\$ 1,279,456</u>               | <u>\$ 36,410,379</u>           |



Real People. Real Possibilities.

**CITY OF HILLIARD, OHIO**  
Reconciliation of the Statement of Revenues, Expenditures and Changes  
in Fund Balances of Governmental Funds to the Statement of Activities  
Year Ended December 31, 2017

|   |    |           |
|---|----|-----------|
| <b>Net change in fund balances - total governmental funds</b> | \$ | (632,644) |
|---|----|-----------|

*Amounts reported for governmental activities in the Statement of Activities are different because:*

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense:

|                         |  |              |
|-------------------------|--|--------------|
| Capital asset additions |  | 5,984,270    |
| Depreciation expense    |  | (12,405,090) |

|   |  |           |
|---|--|-----------|
| Governmental funds do not report the revenue from the contribution of capital assets since they do not represent current financial resources. However, the revenue is reported in the Statement of Activities as capital contributions. |  | 5,119,224 |
|---|--|-----------|

|   |  |           |
|---|--|-----------|
| In the statement of activities, loss on disposal of capital assets is reported, whereas only proceeds from sales are reported in the funds. |  | (907,922) |
|---|--|-----------|

|   |  |           |
|---|--|-----------|
| Revenue in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. |  | 1,245,850 |
|---|--|-----------|

|  |  |        |
|--|--|--------|
| Internal service funds are used to charge the costs of certain activities to individual funds. The net revenue (expense) of the internal service funds is reported with governmental activities. |  | 78,065 |
|--|--|--------|

|  |  |           |
|--|--|-----------|
| Some expenses reported in the statement of activities do not require the use current financial resources and therefore are not reported as expenditures in governmental funds: |  |           |
| Compensated absences   |  | (146,788) |
| Interest on long-term debt   |  | 76,360    |
| Amortization of bond premiums  |  | 445,471   |
| Net change in deferred loss on refunding   |  | (222,136) |

|   |  |            |
|---|--|------------|
| Repayment of long-term obligations is reported as an expenditure in the governmental funds, but the repayment reduces the long-term liabilities in the statement of net position. In the current year, these amounts consisted of general obligations bonds, OWDA and OPWC loans, and capital leases. |  | 11,026,242 |
|---|--|------------|

|  |  |             |
|--|--|-------------|
| The issuance of general obligations bonds and premiums are recorded as other financing sources in the governmental funds, but are used to increase bonds payable on the statement of net position. |  | (5,108,669) |
|--|--|-------------|

|  |  |           |
|--|--|-----------|
| Contractually required contributions are reported as expenditures in governmental funds; however the statement of net position reports these amounts as deferred outflows. |  | 1,850,510 |
|--|--|-----------|

|  |  |             |
|--|--|-------------|
| Except for amounts reported as deferred inflows/outflows, changes in the net pension liability are reported as pension expense in the statement of activities. |  | (3,887,784) |
|--|--|-------------|

|  |    |                  |
|--|----|------------------|
| <b>Change in net position of governmental activities</b> | \$ | <u>2,514,959</u> |
|--|----|------------------|

See accompanying notes to the basic financial statements.

**CITY OF HILLIARD, OHIO**

## Statement of Revenues, Expenditures and Changes in Fund

## Balances - Budget and Actual - Budget (Non-GAAP) Basis

## General Fund

Year Ended December 31, 2017

|  | Budgeted Amounts    |                     |                      | Variance<br>From Final<br>Budget |
|--|---------------------|---------------------|----------------------|----------------------------------|
|  | Original            | Final               | Actual               |                                  |
| <b>Revenues:</b>   |                     |                     |                      |                                  |
| Property and other local taxes                               | \$ 1,551,818        | \$ 1,551,818        | \$ 1,532,877         | \$ (18,941)                      |
| Municipal income taxes                                       | 13,277,951          | 16,777,951          | 19,207,845           | 2,429,894                        |
| Intergovernmental  | 579,656             | 579,656             | 524,489              | (55,167)                         |
| Charges for services   | 4,033,766           | 4,033,766           | 3,427,944            | (605,822)                        |
| Licenses and permits   | 951,100             | 951,100             | 1,353,816            | 402,716                          |
| Fines and forfeitures  | 350,000             | 350,000             | 261,207              | (88,793)                         |
| Investment income  | 78,000              | 78,000              | 319,892              | 241,892                          |
| Miscellaneous  | 79,000              | 79,000              | 115,173              | 36,173                           |
| Total revenues   | <u>20,901,291</u>   | <u>24,401,291</u>   | <u>26,743,243</u>    | <u>2,341,952</u>                 |
| <b>Expenditures:</b>   |                     |                     |                      |                                  |
| Current:   |                     |                     |                      |                                  |
| General government   | 9,862,887           | 10,547,262          | 8,000,499            | 2,546,763                        |
| Security of persons and property                             | 10,360,906          | 10,563,906          | 9,806,340            | 757,566                          |
| Public health  | 260,876             | 260,876             | 257,183              | 3,693                            |
| Leisure time activities                                      | 3,561,582           | 3,561,582           | 3,352,400            | 209,182                          |
| Community environment  | 3,644,156           | 3,644,156           | 3,401,954            | 242,202                          |
| Total expenditures   | <u>27,690,407</u>   | <u>28,577,782</u>   | <u>24,818,376</u>    | <u>3,759,406</u>                 |
| Excess (deficiency) of revenues<br>over (under) expenditures | <u>(6,789,116)</u>  | <u>(4,176,491)</u>  | <u>1,924,867</u>     | <u>6,101,358</u>                 |
| <b>Other financing sources (uses):</b>                       |                     |                     |                      |                                  |
| Sale of assets   | 6,000               | 6,000               | 10,452               | 4,452                            |
| Transfers in   | 309,031             | 309,031             | 302,049              | (6,982)                          |
| Transfers out  | -                   | (3,802,049)         | (3,802,049)          | -                                |
| Total other financing sources (uses)                         | <u>315,031</u>      | <u>(3,487,018)</u>  | <u>(3,489,548)</u>   | <u>(2,530)</u>                   |
| Net change in fund balance                                   | (6,474,085)         | (7,663,509)         | (1,564,681)          | \$ 6,098,828                     |
| Fund balance, beginning of year                              | 11,455,276          | 11,455,276          | 11,455,276           |                                  |
| Prior year encumbrances appropriated*                        | 3,294,282           | 3,294,282           | 3,294,282            |                                  |
| Fund balance, end of year                                    | <u>\$ 8,275,473</u> | <u>\$ 7,086,049</u> | <u>\$ 13,184,877</u> |                                  |

\* restated

See accompanying notes to the basic financial statements.

**CITY OF HILLIARD, OHIO**

Statement of Revenues, Expenditures and Changes in Fund  
Balances - Budget and Actual - Budget (Non-GAAP) Basis  
Street Maintenance and Repair Fund  
Year Ended December 31, 2017

|                                      | Budgeted Amounts  |                   |                     | Variance             |
|--------------------------------------|-------------------|-------------------|---------------------|----------------------|
|                                      | Original          | Final             | Actual              | From Final<br>Budget |
| <b>Revenues:</b>                     |                   |                   |                     |                      |
| Intergovernmental                    | \$ 1,350,500      | \$ 1,350,500      | \$ 1,516,279        | \$ 165,779           |
| Investment income                    | 600               | 600               | 9,415               | 8,815                |
| Miscellaneous                        | 40,000            | 40,000            | 47,171              | 7,171                |
| Total revenues                       | <u>1,391,100</u>  | <u>1,391,100</u>  | <u>1,572,865</u>    | <u>181,765</u>       |
| <b>Expenditures:</b>                 |                   |                   |                     |                      |
| Current:                             |                   |                   |                     |                      |
| Transportation                       | <u>2,312,577</u>  | <u>2,312,577</u>  | <u>1,716,325</u>    | <u>596,252</u>       |
| Total expenditures                   | <u>2,312,577</u>  | <u>2,312,577</u>  | <u>1,716,325</u>    | <u>596,252</u>       |
| Net change in fund balance           | (921,477)         | (921,477)         | (143,460)           | \$ 778,017           |
| Fund balance, beginning of year      | 746,737           | 746,737           | 746,737             |                      |
| Prior year encumbrances appropriated | <u>619,378</u>    | <u>619,378</u>    | <u>619,378</u>      |                      |
| Fund balance, end of year            | <u>\$ 444,638</u> | <u>\$ 444,638</u> | <u>\$ 1,222,655</u> |                      |

See accompanying notes to the basic financial statements.

**CITY OF HILLIARD, OHIO**

Statement of Revenues, Expenditures and Changes in Fund  
Balances - Budget and Actual - Budget (Non-GAAP) Basis  
Street Improvement Municipal Tax Fund  
Year Ended December 31, 2017

|                                      | Budgeted Amounts    |                     |                     | Variance             |
|--------------------------------------|---------------------|---------------------|---------------------|----------------------|
|                                      | Original            | Final               | Actual              | From Final<br>Budget |
| <b>Revenues:</b>                     |                     |                     |                     |                      |
| Municipal income taxes               | \$ 2,581,223        | \$ 2,581,223        | \$ 2,953,714        | \$ 372,491           |
| Miscellaneous                        | -                   | -                   | 2,480               | 2,480                |
| Total revenues                       | <u>2,581,223</u>    | <u>2,581,223</u>    | <u>2,956,194</u>    | <u>374,971</u>       |
| <b>Expenditures:</b>                 |                     |                     |                     |                      |
| Current:                             |                     |                     |                     |                      |
| General government                   | 174,000             | 310,875             | 282,595             | 28,280               |
| Transportation                       | 3,208,743           | 3,208,743           | 3,108,729           | 100,014              |
| Debt Service                         | <u>300,000</u>      | <u>300,000</u>      | <u>299,950</u>      | <u>50</u>            |
| Total expenditures                   | <u>3,682,743</u>    | <u>3,819,618</u>    | <u>3,691,274</u>    | <u>128,344</u>       |
| Net change in fund balance           | (1,101,520)         | (1,238,395)         | (735,080)           | \$ 503,315           |
| Fund balance, beginning of year      | 1,829,750           | 1,829,750           | 1,829,750           |                      |
| Prior year encumbrances appropriated | <u>527,743</u>      | <u>527,743</u>      | <u>527,743</u>      |                      |
| Fund balance, end of year            | <u>\$ 1,255,973</u> | <u>\$ 1,119,098</u> | <u>\$ 1,622,413</u> |                      |

See accompanying notes to the basic financial statements.

**CITY OF HILLIARD, OHIO**

Statement of Revenues, Expenditures and Changes in Fund  
Balances - Budget and Actual - Budget (Non-GAAP) Basis  
Water and Sewer Revenue Fund  
Year Ended December 31, 2017

|                                      | Budgeted Amounts  |                   |                     | Variance             |
|--------------------------------------|-------------------|-------------------|---------------------|----------------------|
|                                      | Original          | Final             | Actual              | From Final<br>Budget |
| <b>Revenues:</b>                     |                   |                   |                     |                      |
| Charges for services                 | \$ 1,920,000      | \$ 1,920,000      | \$ 1,794,864        | \$ (125,136)         |
| Miscellaneous                        | 150,000           | 150,000           | 9,756               | (140,244)            |
| Total revenues                       | <u>2,070,000</u>  | <u>2,070,000</u>  | <u>1,804,620</u>    | <u>(265,380)</u>     |
| <b>Expenditures:</b>                 |                   |                   |                     |                      |
| Current:                             |                   |                   |                     |                      |
| Basic utility services               | 3,106,341         | 3,106,341         | 2,298,202           | 808,139              |
| Debt Service                         | <u>290,000</u>    | <u>290,000</u>    | <u>289,817</u>      | <u>183</u>           |
| Total expenditures                   | <u>3,396,341</u>  | <u>3,396,341</u>  | <u>2,588,019</u>    | <u>808,322</u>       |
| Net change in fund balance           | (1,326,341)       | (1,326,341)       | (783,399)           | \$ 542,942           |
| Fund balance, beginning of year      | 1,370,313         | 1,370,313         | 1,370,313           |                      |
| Prior year encumbrances appropriated | <u>598,215</u>    | <u>598,215</u>    | <u>598,215</u>      |                      |
| Fund balance, end of year            | <u>\$ 642,187</u> | <u>\$ 642,187</u> | <u>\$ 1,185,129</u> |                      |

See accompanying notes to the basic financial statements.

**CITY OF HILLIARD, OHIO**

## Statement of Revenues, Expenditures and Changes in Fund

## Balances - Budget and Actual - Budget (Non-GAAP) Basis

## TIF Fund

Year Ended December 31, 2017

|                                      | Budgeted Amounts    |                     |                     | Variance             |
|--------------------------------------|---------------------|---------------------|---------------------|----------------------|
|                                      | Original            | Final               | Actual              | From Final<br>Budget |
| <b>Revenues:</b>                     |                     |                     |                     |                      |
| Payment in lieu of taxes             | \$ -                | \$ 4,460,000        | \$ 7,201,942        | \$ 2,741,942         |
| Intergovernmental                    | -                   | 227,000             | 220,072             | (6,928)              |
| Total revenues                       | -                   | 4,687,000           | 7,422,014           | 2,735,014            |
| <b>Expenditures:</b>                 |                     |                     |                     |                      |
| Current:                             |                     |                     |                     |                      |
| General Government                   | -                   | 1,638,300           | 1,633,351           | 4,949                |
| Transportation                       | 4,118               | 2,680,618           | 2,679,361           | 1,257                |
| Debt Service                         | 1,500,000           | 1,939,000           | 1,938,269           | 731                  |
| Total expenditures                   | 1,504,118           | 6,257,918           | 6,250,981           | 6,937                |
| Net change in fund balance           | (1,504,118)         | (1,570,918)         | 1,171,033           | \$ 2,741,951         |
| Fund balance, beginning of year      | 2,990,484           | 2,990,484           | 2,990,484           |                      |
| Prior year encumbrances appropriated | 4,118               | 4,118               | 4,118               |                      |
| Fund balance, end of year            | <u>\$ 1,490,484</u> | <u>\$ 1,423,684</u> | <u>\$ 4,165,635</u> |                      |

See accompanying notes to the basic financial statements.



**CITY OF HILLIARD, OHIO**

## Statement of Net Position

## Internal Service Fund

December 31, 2017

|  | <u>Insurance<br/>Trust</u> |
|--|----------------------------|
| <b>Assets</b>                              |                            |
| Current assets:                            |                            |
| Equity in pooled cash and cash equivalents | \$ 277,108                 |
| Due from other funds                       | <u>452,038</u>             |
| Total assets                               | <u>729,146</u>             |
| <b>Liabilities</b>                         |                            |
| Current liabilities:                       |                            |
| Claims payable                             | <u>452,000</u>             |
| Total liabilities                          | <u>452,000</u>             |
| <b>Net Position</b>                        |                            |
| Unrestricted                               | <u>277,146</u>             |
| Total net position                         | <u><u>\$ 277,146</u></u>   |

See accompanying notes to the basic financial statements.

**CITY OF HILLIARD, OHIO**

## Statement of Revenues, Expenses and Change in Fund Net Position

## Internal Service Fund

Year Ended December 31, 2017

|                                  |                     |
|----------------------------------|---------------------|
|                                  | Insurance<br>Trust  |
| <b><i>Operating Revenues</i></b> |                     |
| Charges for services             | <u>\$ 2,431,646</u> |
| <b><i>Operating Expenses</i></b> |                     |
| Claims                           | <u>2,353,581</u>    |
| Change in net position           | 78,065              |
| Net position beginning of year   | <u>199,081</u>      |
| Net position end of year         | <u>\$ 277,146</u>   |

See accompanying notes to the basic financial statements.

**CITY OF HILLIARD, OHIO**  
Statement of Cash Flows  
Internal Service Fund  
Year Ended December 31, 2017

|  | Insurance<br>Trust |
|--|--------------------|
| <b><i>Cash Flows from Operating Activities</i></b>                                       |                    |
| Cash received from customers   | \$ 2,107,302       |
| Cash payments for claims   | <u>(2,029,581)</u> |
| <i>Net cash from operating activities</i>  | 77,721             |
| Cash and cash equivalents beginning of year  | <u>199,387</u>     |
| Cash and cash equivalents end of year  | <u>\$ 277,108</u>  |
| <br><b>Reconciliation of operating income to net cash from<br/>operating activities:</b> |                    |
| Operating income   | \$ 78,065          |
| Adjustments to reconcile operating income to net cash<br>from operating activities:      |                    |
| Change in due from other funds   | (324,344)          |
| Change in claims payable   | <u>324,000</u>     |
| Net cash from operating activities   | <u>\$ 77,721</u>   |

See accompanying notes to the basic financial statements.

**CITY OF HILLIARD, OHIO**

## Statement of Fiduciary Assets and Liabilities

## Agency Funds

December 31, 2017

**Assets**

|  |                   |
|--|-------------------|
| Equity in pooled cash and cash equivalents       | \$ 420,420        |
| Cash and cash equivalents in segregated accounts | 24,732            |
| Accounts receivable                              | <u>23,753</u>     |
| Total assets                                     | <u>\$ 468,905</u> |

**Liabilities**

|                                 |                   |
|---------------------------------|-------------------|
| Due to other governments        | \$ 404,577        |
| Deposits held and due to others | <u>64,328</u>     |
| Total liabilities               | <u>\$ 468,905</u> |

See accompanying notes to the basic financial statements.

**CITY OF HILLIARD, OHIO**  
**Notes to the Basic Financial Statements**  
**Year Ended December 31, 2017**

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**NOTE 1 – DESCRIPTION OF THE CITY AND REPORTING ENTITY**

The City of Hilliard (the “City”) is a home rule municipal corporation organized under the laws of the State of Ohio. The City operates under its own Charter. The current Charter, which provides for a Mayor-Council form of government, was adopted January 1, 1963, and was most recently amended November 3, 2009, effective January 1, 2010.

**Reporting Entity**

A reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that the financial statements are not misleading. The primary government of the City consists of all funds and departments which comprise the legal entity of the City. The City provides various services including police protection, parks and recreation, planning, zoning, engineering, street maintenance, snow removal, refuse collection, and other governmental services. Water and sewer services are provided by the City of Columbus, although the City of Hilliard maintains the water and sewer lines. Norwich Township provides fire protection.

Component units are legally separate organizations for which the City is financially accountable. The City is financially accountable for an organization if the City appoints a voting majority of the organization's governing board and (1) the City is able to significantly influence the programs or services performed or provided by the organization; or (2) the City is legally entitled to or can otherwise access the organization's resources; the City is legally obligated or has assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the City is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the City in that the City approves the organization's budget, the levying of its taxes or the issuance of its debt. The City has no component units.

The City of Hilliard Mayor's Court has been included in the City's financial statements as an agency fund. The Mayor is an elected City official who has a fiduciary responsibility for the collection and distribution of court fees and fines.

The City is associated with the Hilliard Arts Council Corporation which is defined as a related organization. In addition, in 2007 the City entered into agreement with Norwich Township, a legally separate organization, to construct and operate a facility to house the police protection services of the City and the fire protection services of Norwich Township. Finally, the City entered into an agreement to become a member of the Central Ohio Interoperable Radio System, a jointly governed organization. Information about the related organization, the joint venture, and the jointly governed organization is presented in Note 19 to the basic financial statements.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the City of Hilliard have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial principles. The most significant of the City's accounting policies are described below.

**CITY OF HILLIARD, OHIO**  
**Notes to the Basic Financial Statements, *continued***  
**Year Ended December 31, 2017**

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**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - *continued***

**A. Basis of Presentation**

The City's basic financial statements consist of government-wide statements, including a Statement of Net Position and a Statement of Activities, and fund financial statements, which provide a more detailed level of financial information.

*Government-Wide Financial Statements*

The Statement of Net Position and the Statement of Activities display information about the City as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The activity of the internal service fund is eliminated to avoid "doubling up" revenues and expenses. Interfund services provided and used are not eliminated in the process of consolidation. The statements usually distinguish between those activities of the City that are governmental in nature and those that are considered business-type activities; however, the City has no activities which are reported as business-type.

The Statement of Net Position presents the financial condition of the governmental activities of the City at year-end. The Statement of Activities presents a comparison between direct expenses and program revenues for each program or function of the City's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore are clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program, and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the City, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental program is self-financing or draws from the general revenues of the City.

*Fund Financial Statements*

During the year, the City segregates transactions related to certain City functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the City at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. The internal service fund is presented on the face of the proprietary fund statements. Fiduciary funds are reported by type.

**B. Fund Accounting**

The City uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. There are three categories of funds utilized by the City: governmental, proprietary, and fiduciary.

**CITY OF HILLIARD, OHIO**  
**Notes to the Basic Financial Statements, *continued***  
**Year Ended December 31, 2017**

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**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - *continued***

**B. Fund Accounting - *continued***

*Governmental Funds*

Governmental funds are those through which most governmental functions of the City typically are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purpose for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and governmental fund deferred inflows of resources and liabilities is reported as fund balance. The following are the City's major governmental funds:

*General Fund* - This fund accounts for all financial resources except those required to be accounted for in another fund. The General Fund's balance is available to the City for any purpose provided it is expended or transferred according to the general laws of Ohio and the Charter of the City.

*Street Maintenance and Repair Fund* – This fund is used to account for that portion of the state gasoline tax and motor vehicle registration fees restricted for maintenance and repair of streets within the City.

*Street Improvement Municipal Tax Fund* – This fund is used to account for a portion of the City's income tax collections to be used for repair and improvement of streets and highways.

*Water and Sewer Revenue Fund* – This fund is used to account for water and sewer tap fees and water and sewer surcharge revenues collected by the City of Columbus for the City of Hilliard. These revenues are used for upgrading and making minor repairs to water and sewer lines and paying debt related to these projects.

*Tax Increment Financing (TIF) Fund* – This fund is used to account for payments in lieu of taxes received from various business owners to be used for City-owned infrastructure improvements that will benefit the business owners' property.

*Capital Improvement Municipal Tax Fund* – This fund is used to account for 25 percent of the City's income tax collections and impact fees which are used for various capital improvements.

The other governmental funds of the City account for grants and other resources whose use is restricted or committed for a particular purpose.

**CITY OF HILLIARD, OHIO**  
**Notes to the Basic Financial Statements, *continued***  
**Year Ended December 31, 2017**

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**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - *continued***

**B. Fund Accounting - *continued***

*Proprietary Fund*

Proprietary fund reporting focuses on the determination of operating income, changes in net position, financial position and cash flows. The City's proprietary fund is an internal service fund.

*Internal Service Fund* – The internal service fund accounts for the financing of services provided by one department or agency to other departments or agencies of the City on a cost reimbursement basis. The City's internal service fund accounts for the payment of all City employees' medical, dental, and vision claims.

*Fiduciary Funds*

Fiduciary fund reporting focuses on assets and liabilities and changes in assets and liabilities. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds, and agency funds. The City's only fiduciary funds are agency funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The City has two agency funds which are used to account for the collection and distribution of court fines and forfeitures and for the collection and distribution of charges for inspections provided by other governments and entities along with capacity charges for another city.

**C. Measurement Focus**

*Government-Wide Financial Statements*

The government-wide financial statements are prepared using the economic resources measurement focus. All assets, deferred outflows of resources, liabilities, and deferred inflows of resources associated with the operation of the City are included on the Statement of Net Position. The Statement of Activities presents increases (e.g., revenues) and decreases (e.g., expenses) in total net position.

*Fund Financial Statements*

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets, current liabilities and deferred inflows of resources generally are included on the Balance Sheet. The Statement of Revenues, Expenditures and Changes in Fund Balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.



**CITY OF HILLIARD, OHIO**  
**Notes to the Basic Financial Statements, *continued***  
**Year Ended December 31, 2017**

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**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - *continued***

**C. Measurement Focus - *continued***

Like the government-wide statements, the proprietary fund type is accounted for using a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of this fund are included on the Statement of Net Position. The Statement of Revenues, Expenses, and Changes in Net Position presents increases (e.g., revenues) and decreases (e.g., expenses) in total net position. The Statement of Cash Flows provides information about how the City finances and meets the cash flow needs of its proprietary activity.

**D. Basis of Accounting**

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements and the financial statements of the internal service and agency funds are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred inflows of resources, and in the presentation of expenses versus expenditures.

*Revenues - Exchange and Non-exchange Transactions*

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded in the year in which the resources are measurable and become available. “Measurable” means the amount of the transaction can be determined and “Available” means that the resources will be collected within the current year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current year. For the City, available means expected to be received within sixty days of year-end.

Non-exchange transactions, in which the City receives value without directly giving equal value in return, include property taxes, municipal income taxes, payments in lieu of taxes, grants, entitlements, shared revenues, and donations. On the accrual basis, revenue from property taxes and payments in lieu of taxes are recognized in the year for which the taxes are levied. Revenue from municipal income taxes is recognized in the year in which the income is earned. Revenue from grants, entitlements, shared revenues, and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis.

On the modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

**CITY OF HILLIARD, OHIO**  
**Notes to the Basic Financial Statements, *continued***  
**Year Ended December 31, 2017**

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**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - *continued***

**D. Basis of Accounting - *continued***

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at year-end: municipal income taxes, charges for services, interest on investments, intergovernmental revenues (including motor vehicle license tax, gasoline tax, and local government assistance), and grants.

*Expenses/Expenditures*

On the accrual basis of accounting, expenses are recognized at the time they are incurred.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

**E. Cash and Cash Equivalents**

To improve cash management, cash received by the City, except cash held by a fiscal or escrow agent and cash held in a segregated account, is pooled. Individual fund integrity is maintained through City records. Interest in the pool is presented as “Equity in Pooled Cash and Investments” on the financial statements. Cash and cash equivalents that are held separately for Mayor’s Court and not held in the City treasury are recorded on the financial statements as “Cash and Cash Equivalents in Segregated Accounts.”

During 2017, the City invested in negotiable certificates of deposit, a money market account, and the State Treasury Assets Reserve of Ohio (STAR Ohio). STAR Ohio is an investment pool managed by the State Treasurer’s Office that allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted GASB Statement No 79, *Certain External Investment Pools and Pool Participants*. Investments in STAR Ohio are valued at the net asset value per share provided by STAR Ohio on an amortized cost basis at December 31, 2017, which approximates fair value.

For 2017, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$25 million. STAR Ohio reserves the right to limit the transaction to \$50 million, requiring the excess amount to be transacted the following business day(s), but only to the \$50 million limit. All accounts of the participant will be combined for these purposes.

Interest income is distributed to the funds according to Ohio constitutional and statutory requirements. Interest revenue credited to the General Fund during 2017 amounted to \$319,892, which includes \$179,033 assigned from other funds.

**CITY OF HILLIARD, OHIO**  
**Notes to the Basic Financial Statements, *continued***  
**Year Ended December 31, 2017**

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**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - *continued***

**E. Cash and Cash Equivalents - *continued***

Investments with an original maturity of three months or less at the time of purchase and investments of the cash management pool are reported on the financial statements as cash equivalents.

**F. Prepaid Items**

Payments made to vendors for services that will benefit periods beyond December 31, 2017, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of purchase and expenditure is reported in the year in which services are consumed.

**G. Bond Premium, Deferred Charges on Refunding, and Debt Issuance Costs**

Bond premiums are deferred and amortized over the term of the bonds using the straight-line method since the results are not significantly different from the effective interest method. Bond premiums are presented as an addition to the face amount of the bonds payable.

The deferred charges on refunding bonds (difference between the reacquisition price and the net carrying amount of the old debt) is amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter. It is reported as deferred outflows of resources.

Debt issuance costs are expensed when incurred.

**H. Capital Assets**

The City's only capital assets are general capital assets and contributions of capital assets from developers. General capital assets usually result from expenditures in governmental funds. These assets are reported in the governmental activities column of the government-wide Statement of Net Position but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost, which is determined by indexing the current replacement cost back to the year of acquisition) and updated for additions and deletions during the year. Donated capital assets are recorded at their acquisition cost on the date received. The City maintains a capitalization threshold of one thousand dollars, except for infrastructure which has a threshold of five thousand dollars. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are expensed.

All capital assets except for land, road right of way, and construction in progress are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Useful lives for infrastructure were estimated based on the City's historical records of necessary improvements and replacements.

**CITY OF HILLIARD, OHIO**  
**Notes to the Basic Financial Statements, *continued***  
**Year Ended December 31, 2017**

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**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - *continued***

**H. Capital Assets - *continued***

Depreciation is computed using the straight-line method over the following useful lives:

| Description                       | Estimated Lives |
|-----------------------------------|-----------------|
| Buildings                         | 20-40 years     |
| Improvements Other Than Buildings | 15-30 years     |
| Machinery and Equipment           | 5-20 years      |
| Furniture and Fixtures            | 7-20 years      |
| Vehicles                          | 5-20 years      |
| Infrastructure                    | 10-60 years     |

The City's infrastructure consists of curbs, streets, bridges, traffic signals, sidewalks, water lines, sewer lines, storm sewers, and street lights.

**I. Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. For the City, deferred outflows of resources are reported on the government-wide statement of net position for deferred charge on refunding and pensions. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The deferred outflows of resources related to pensions are explained in Note 9.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources until that time. For the City, deferred inflows of resources include property taxes, payment in lieu of taxes, unavailable revenue and pensions. Receivables from property taxes and payment in lieu of taxes represent amounts that were levied and measurable as of December 31, 2017, but are intended to finance 2018 operations. These amounts have been recorded as deferred inflow of resources on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental fund financial statements and represent receivables that will not be collected within the available period (sixty days after year-end). The deferred inflows of resources related to pensions are explained in Note 9.

**J. Unearned Revenue**

Unearned revenue recorded in the General Fund represents resources that have been received, but not yet earned as of December 31, 2017.

**CITY OF HILLIARD, OHIO**  
**Notes to the Basic Financial Statements, *continued***  
**Year Ended December 31, 2017**

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**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - *continued***

**K. Pensions**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pension, and pension expense, information about the fiduciary net position of the pension plans and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension systems report investments at fair value.

**L. Compensated Absences**

Vacation and compensatory time benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the City will compensate the employees for the benefits through paid time off or some other means. The City records a liability for accumulated unused vacation and compensatory time for all employees.

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the City has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees' wage rates at year-end, taking into consideration any limits specified in the City's termination policy.

The entire compensated absences liability is reported on the government-wide financial statements. On governmental fund financial statements, compensated absences are reported as liabilities and expenditures to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account "Matured Compensated Absences Payable" in the funds from which the employees will be paid.

**M. Accrued Liabilities and Long-Term Obligations**

All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements. All payables, accrued liabilities, and long-term obligations payable from the proprietary fund are reported on the proprietary fund financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, compensated absences that will be paid from governmental funds are reported as liabilities on the fund financial statements only to the extent that they are due for payment during the current year. Long-term notes, loans, bonds, and capital leases are recognized as liabilities on the governmental fund financial statements when due.

**CITY OF HILLIARD, OHIO**  
**Notes to the Basic Financial Statements, *continued***  
**Year Ended December 31, 2017**

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**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - *continued***

**N. Contributions of Capital**

Contributions of capital arise from outside contributions of capital assets, grants or outside contributions of resources restricted to capital acquisitions and construction.

**O. Net Position**

Net position represents the difference of assets and deferred outflow of resources, less liabilities and deferred inflow of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position restricted for other purposes include funds for the operation of recreational activities, improving the living environment of the City, and the operation of police programs.

The City applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted resources are available.

The government-wide Statement of Net Position reports \$16,913,151 of restricted net position, of which none was restricted by enabling legislation.

**P. Interfund Transaction**

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating revenues/expenses in the proprietary fund. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

**Q. Operating Revenues and Expenses**

Operating revenues are those revenues that are generated directly from the primary activity of the internal service fund. For the City, these revenues are charges for services for employees' health claims. Operating expenses are the necessary costs incurred to provide the service that is the primary activity of the fund. Revenues and expenses that do not meet these definitions are reported as nonoperating.

**R. Accounting Estimates**

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.



**CITY OF HILLIARD, OHIO**  
**Notes to the Basic Financial Statements, *continued***  
**Year Ended December 31, 2017**

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**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - *continued***

**S. Budgetary Process**

All funds, other than agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount Council may appropriate. The appropriations ordinance is Council's authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by Council. The legal level of control has been established by Council at the object level within each department.

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the Finance Director. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts set forth in the budgetary statements and schedules as final budgeted amounts represent estimates from the amended certificate in force at the time final appropriations were passed by Council.

The appropriations ordinance is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriations resolution for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by Council during the year, including all supplemental appropriations.

**NOTE 3 – BUDGETARY BASIS OF ACCOUNTING**

While reporting financial position and results of operations on the basis of generally accepted accounting principles (GAAP), the budgetary basis, as provided by law, is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The Statements of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Budget (Non-GAAP) Basis, are presented for the General Fund and the Street Maintenance and Repair, Street Improvement Municipal Tax, Water and Sewer Revenue, and TIF Major Special Revenue Funds to provide a meaningful comparison of actual results with the budget.

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures (budget basis) rather than as a restriction, commitment, or assignment of fund balance (GAAP basis).
4. Advances-In and Advances-Out, when applicable, are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis).
5. Funds budgeted separately.

**CITY OF HILLIARD, OHIO**  
**Notes to the Basic Financial Statements, *continued***  
**Year Ended December 31, 2017**

**NOTE 3 – BUDGETARY BASIS OF ACCOUNTING - *continued***

The adjustments necessary to convert the results of operations for the year on the GAAP basis to the budget basis are as follows:

|                      | General               | Street<br>Maintenance<br>and Repair | Street<br>Improvement<br>Municipal Tax | Water and<br>Sewer<br>Revenue | TIF                 |
|----------------------|-----------------------|-------------------------------------|--|-------------------------------|---------------------|
| GAAP Basis           | \$ 478,134            | \$ 430,878                          | \$ 258,268                             | \$ (308,378)                  | \$ 1,175,152        |
| Funds reclassified   | (4,892)               | -                                   | -                                      | -                             | -                   |
| Revenue accruals     | 1,174,557             | (8,185)                             | 26,448                                 | (5,666)                       | -                   |
| Expenditure accruals | (816,248)             | (136,429)                           | 242,389                                | 64,857                        | (2)                 |
| Encumbrances         | (2,396,232)           | (429,724)                           | (1,262,185)                            | (534,212)                     | (4,117)             |
| Budget Basis         | <u>\$ (1,564,681)</u> | <u>\$ (143,460)</u>                 | <u>\$ (735,080)</u>                    | <u>\$ (783,399)</u>           | <u>\$ 1,171,033</u> |

**NOTE 4 – DEPOSITS AND INVESTMENTS**

State statutes classify monies held by the City into three categories.

Active deposits are public deposits necessary to meet current demands on the treasury. Such monies must be maintained either as cash in the City Treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that Council has identified as not required for use within the current five-year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit, or by savings or deposit accounts including passbook accounts.

Interim monies are permitted to be deposited or invested in the following securities:

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;



**CITY OF HILLIARD, OHIO**  
**Notes to the Basic Financial Statements, *continued***  
**Year Ended December 31, 2017**

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**NOTE 4 – DEPOSITS AND INVESTMENTS - *continued***

2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions; and,
6. The State Treasurer's investment pool (STAROhio).

The City may also invest any monies not required to be used for a period of six months or more in the following:

1. Bonds of the State of Ohio;
2. Bonds of any municipal corporation, village, county, township, or other political subdivision of this State, as to which there is no default of principal, interest or coupons; and
3. Obligations of the City.

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. Investments may only be made through specified dealers and institutions.

**Deposits**

Custodial credit risk for deposits is the risk that in the event of bank failure; the City will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year-end \$11,869,247 of the City's bank balance of \$12,369,247 was exposed to custodial credit risk because it was uninsured, and collateralized with securities held by the pledging financial institution.

The City has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the City or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured, unless the financial institution participates in the Ohio Treasurer of State's Ohio Collateral Pool System, which reduces the market value to one hundred two percent of the deposits being secured.

**CITY OF HILLIARD, OHIO**  
**Notes to the Basic Financial Statements, *continued***  
**Year Ended December 31, 2017**

**NOTE 4 – DEPOSITS AND INVESTMENTS - *continued***

**Investments**

As of December 31, 2017, the City had the following investments. All investments are in an internal investment pool.

|                                    | Measurement<br>Value at<br>12/31/17 | Investment Maturities |                   |                   |                     |
|------------------------------------|-------------------------------------|-----------------------|-------------------|-------------------|---------------------|
|                                    |                                     | 0 to 6 mos            | 7 to 12 mos       | 13 to 18 mos      | 19 to 24 mos        |
| 5/3rd Government Money Market      | \$ 7,485,544                        | \$ 7,485,544          | \$ -              | \$ -              | \$ -                |
| Negotiable Certificates of Deposit | 3,215,168                           | 495,668               | 990,979           | 494,532           | 1,233,989           |
| STAR Ohio                          | 14,915,345                          | 14,915,345            | -                 | -                 | -                   |
| Total                              | <u>\$ 25,616,057</u>                | <u>\$ 22,896,557</u>  | <u>\$ 990,979</u> | <u>\$ 494,532</u> | <u>\$ 1,233,989</u> |

*Interest Rate Risk* – The City’s investment policy requires that an investment mature within two years from the date of purchase, unless matched to a specific obligation or debt of the City, and that an investment must be purchased with the expectation that it will be held to maturity. The City’s policy states that all investments should be sufficiently liquid to meet all operating requirements that can be reasonably anticipated.

*Credit Risk* –Under normal circumstances, the 5/3<sup>rd</sup> Government Money Market Fund invests at least 80 percent of its assets in U.S. Government securities, repurchase agreements collateralized by these securities, and shares of money market investment companies that invest exclusively in these securities. The City’s investment policy limits investments to those authorized by State statute.

*Concentration of Credit Risk* – The City places no limit on the amount it may invest in any one issuer; however, investments are limited to low risk securities with the expectation of earning market rate of return. The City’s investments in 5/3<sup>rd</sup> Government Money Market, negotiable certificates of deposit and STAR Ohio represent 29%, 13% and 58%, respectively, of the City’s total investments.

*Fair Value Measurement* – The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The City’s negotiable certificates of deposit of \$3.2 million were valued using pricing sources as provided by the investment manager (Level 2 inputs). Investments in money market and STAR Ohio funds are excluded from fair value measurement requirements under generally accepted accounting principles, and instead are reported at amortized cost.

**CITY OF HILLIARD, OHIO**  
**Notes to the Basic Financial Statements, *continued***  
**Year Ended December 31, 2017**

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**NOTE 5 – PROPERTY TAXES**

Property taxes include amounts levied against all real and public utility property located in the City. Property tax revenue received during 2017 for real and public utility property taxes represents collections of 2016 taxes.

2017 real property taxes are levied after October 1, 2017, on the assessed value as of January 1, 2017, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2017 real property taxes are collected in and intended to finance 2017.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2017 public utility property taxes became a lien December 31, 2016, are levied after October 1, 2017, and are collected in 2017 with real property taxes.

Real property taxes are payable annually or semi-annually. If paid annually, the payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits later payment dates to be established.

The County Treasurer collects property taxes on behalf of all taxing districts within the County, including the City of Hilliard. The County Auditor periodically remits to the City its portion of the taxes. Property taxes receivable represents real property taxes, public utility taxes, and outstanding delinquencies which are measurable as of December 31, 2017, and for which there is an enforceable legal claim. In the governmental funds, the entire receivable has been included in deferred inflows of resources, since the current taxes were not levied to finance 2017 operations and the outstanding delinquencies were unavailable. On a full accrual basis, collectible delinquent property taxes have been recorded as revenue while the remainder of the receivable is reported as deferred inflows of resources since the current taxes were levied to finance a future period.

The full tax rate for all City operations for the year ended December 31, 2017, was \$1.60 per \$1,000 of assessed value. The assessed values of real and public utility property upon which 2017 property tax receipts were based are as follows:

| Category                | Assessed<br>Value       |
|-------------------------|-------------------------|
| Real Property           | \$ 1,001,547,240        |
| Public Utility Property | 29,642,020              |
| Totals                  | <u>\$ 1,031,189,260</u> |

Public Utility Property consists of both real property and tangible personal property.

**CITY OF HILLIARD, OHIO**  
**Notes to the Basic Financial Statements, *continued***  
**Year Ended December 31, 2017**

**NOTE 6 – MUNICIPAL INCOME TAX**

The City levies a municipal income tax of 2.0 percent on all salaries, wages, commissions, other compensation and on net profits earned within the City as well as on incomes of residents earned outside the City. However, the City allows a credit for income taxes paid to another municipality up to 100 percent of the City's current tax rate.

Employers within the City are required to withhold income tax on employee compensation and remit the tax to the City either monthly or quarterly. Corporations and other individual taxpayers are required to pay their estimated tax quarterly and file a declaration annually.

Income tax proceeds are distributed to the General Fund, Street Improvement Municipal Tax Special Revenue Fund, and the Capital Improvements Municipal Tax Capital Projects Fund as required by City Administrative Code.

**NOTE 7 – CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2017, was as follows:

|   | Beginning<br>Balance  | Additions           | Deletions             | Ending<br>Balance     |
|---|-----------------------|---------------------|-----------------------|-----------------------|
| <b>Governmental Activities</b>                      |                       |                     |                       |                       |
| <b><i>Capital assets not being depreciated:</i></b> |                       |                     |                       |                       |
| Land  | \$ 9,653,868          | \$ 1,198,000        | \$ -                  | \$ 10,851,868         |
| Construction in progress                            | 7,845,887             | 4,337,537           | (4,025,691)           | 8,157,733             |
| Total capital assets not being depreciated          | <u>17,499,755</u>     | <u>5,535,537</u>    | <u>(4,025,691)</u>    | <u>19,009,601</u>     |
| <b><i>Capital assets being depreciated:</i></b>     |                       |                     |                       |                       |
| Buildings   | 11,721,301            | 15,130              | (35,566)              | 11,700,865            |
| Improvements other than buildings                   | 15,582,930            | 207,085             | -                     | 15,790,015            |
| Machinery and equipment                             | 6,389,497             | 368,517             | (267,663)             | 6,490,351             |
| Furniture and fixtures                              | 699,250               | 53,774              | -                     | 753,024               |
| Vehicles  | 3,509,899             | 493,631             | (273,275)             | 3,730,255             |
| Infrastructure                                      | 419,138,235           | 8,455,511           | (3,413,209)           | 424,180,537           |
| Total capital assets being depreciated              | <u>457,041,112</u>    | <u>9,593,648</u>    | <u>(3,989,713)</u>    | <u>462,645,047</u>    |
| Less accumulated depreciation:                      |                       |                     |                       |                       |
| Buildings   | (5,095,200)           | (342,205)           | 9,188                 | (5,428,217)           |
| Improvements other than buildings                   | (4,655,245)           | (559,073)           | -                     | (5,214,318)           |
| Machinery and equipment                             | (4,545,198)           | (506,057)           | 251,394               | (4,799,861)           |
| Furniture and fixtures                              | (530,780)             | (42,912)            | -                     | (573,692)             |
| Vehicles  | (2,513,658)           | (325,556)           | 253,877               | (2,585,337)           |
| Infrastructure                                      | (206,972,286)         | (10,629,287)        | 2,567,332             | (215,034,241)         |
| Total accumulated depreciation                      | <u>(224,312,367)</u>  | <u>(12,405,090)</u> | <u>3,081,791</u>      | <u>(233,635,666)</u>  |
| Total capital assets being depreciated, net         | <u>232,728,745</u>    | <u>(2,811,442)</u>  | <u>(907,922)</u>      | <u>229,009,381</u>    |
| Capital assets, net                                 | <u>\$ 250,228,500</u> | <u>\$ 2,724,095</u> | <u>\$ (4,933,613)</u> | <u>\$ 248,018,982</u> |

**CITY OF HILLIARD, OHIO**  
**Notes to the Basic Financial Statements, *continued***  
**Year Ended December 31, 2017**

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**NOTE 7 – CAPITAL ASSETS- *continued***

For the year ended December 31, 2017, the value of the assets donated to the City was \$5,119,224.

Depreciation expense was charged to the governmental programs as follows:

|                                  |                      |
|----------------------------------|----------------------|
| General government               | \$ 195,623           |
| Security of persons and property | 580,856              |
| Leisure time activities          | 623,932              |
| Community environment            | 252,939              |
| Basic utility services           | 5,648,692            |
| Transportation                   | <u>5,103,048</u>     |
| Total depreciation expense       | <u>\$ 12,405,090</u> |

**NOTE 8 – RECEIVABLES**

Receivables at December 31, 2017, consisted of property and other local taxes, payments in lieu of taxes, municipal income taxes, accounts, intergovernmental receivables arising from grants, entitlements and shared revenues, and interfund receivables. All receivables are considered fully collectible.

**NOTE 9 – DEFINED BENEFIT PENSION PLANS**

***Net Pension Liability***

The net pension liability reported on the statement of net position represents a liability to employees for pensions. Pensions are a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. Pensions are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net pension liability represents the City's proportionate share of each pension plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension plan's fiduciary net position. The net pension liability calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting this estimate annually.

Ohio Revised Code limits the City's obligation for this liability to annually required payments. The City cannot control benefit terms or the manner in which pensions are financed; however, the City does receive the benefit of employees' services in exchange for compensation including pension.

**CITY OF HILLIARD, OHIO**  
**Notes to the Basic Financial Statements, *continued***  
**Year Ended December 31, 2017**

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**NOTE 9 – DEFINED BENEFIT PENSION PLANS - *continued***

GASB Statement No. 68 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to net pension liability would be effective when the changes are legally enforceable.

The proportionate share of each plan's unfunded benefits is presented as a long-term *net pension liability* on the accrual basis of accounting. Any liability for the contractually-required pension contribution outstanding at the end of the year is included in due to other governments on both the accrual and modified accrual bases of accounting.

***Plan Description – Ohio Public Employees Retirement System (OPERS)***

City employees, other than full-time police, participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The Traditional Pension Plan is a cost-sharing, multiple-employer defined benefit pension plan. The Member-Directed Plan is a defined contribution plan and the Combined Plan is a cost-sharing, multiple-employer defined benefit pension plan with defined contribution features. While members (e.g., City employees) may elect the Member-Directed Plan and the Combined Plan, the majority of employee members are in OPERS' Traditional Plan; therefore, the following disclosures focus on the Traditional Pension Plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the Traditional Plan. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code (ORC). OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS' fiduciary net position that may be obtained by visiting <https://www.opers.org/financial/reports.shtml>, by writing to Ohio Public Employees Retirement System, 277 East Town Street, Columbus, OH 43215-4642, or by calling 800-222-7377.

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members were categorized into three groups with varying provisions of the law applicable to each group. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three-member groups under the Traditional Pension Plan as per the reduced benefits adopted by SB 343 (see OPERS' CAFR referenced above for additional information):

**CITY OF HILLIARD, OHIO**  
**Notes to the Basic Financial Statements, *continued***  
**Year Ended December 31, 2017**

**NOTE 9 – DEFINED BENEFIT PENSION PLANS - *continued***

| Group A<br>Eligible to retire prior to<br>January 7, 2013 or five years<br>after January 7, 2013                                | Group B<br>20 years of service credit prior to<br>January 7, 2013 or eligible to retire<br>ten years after January 7, 2013     | Group C<br>Members not in other Groups<br>and members hired on or after<br>January 7, 2013                                      |
|---|--|---|
| State and Local   | State and Local  | State and Local   |
| <b>Age and Service Requirements:</b><br>Age 60 with 60 months of service credit or Age 55 with 25 years of service credit       | <b>Age and Service Requirements:</b><br>Age 60 with 60 months of service credit or Age 55 with 25 years of service credit      | <b>Age and Service Requirements:</b><br>Age 57 with 25 years of service credit or Age 62 with 5 years of service credit         |
| <b>Formula:</b><br>2.2% of FAS multiplied by years of Service for the first 30 years and 2.5% for service years in excess of 30 | <b>Formula:</b><br>2.2% of FAS multiplied by year of service for the first 30 years and 2.5% for service years in excess of 30 | <b>Formula:</b><br>2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35 |

Final average salary (FAS) represents the average of the three highest years of earnings over a member's career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member's career.

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount.

When a benefit recipient has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be a 3% simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3%.

**Funding Policy**—The ORC provides statutory authority for member and employer contributions as follows:

|  | <b>State<br/>and Local</b> |
|--|----------------------------|
| <b>2017 Statutory Maximum Contribution Rates</b> |                            |
| Employer   | 14.0 %                     |
| Employee   | 10.0 %                     |
| <b>2017 Actual Contribution Rates</b>            |                            |
| Employer:  |                            |
| Pension  | 13.0 %                     |
| Post-employment Health Care Benefits             | 1.0 %                      |
| Total Employer                                   | 14.0 %                     |
| Employee:  | 10.0 %                     |



**CITY OF HILLIARD, OHIO**  
**Notes to the Basic Financial Statements, *continued***  
**Year Ended December 31, 2017**

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**NOTE 9 – DEFINED BENEFIT PENSION PLANS - *continued***

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The City's contractually required contribution was \$866,257 for 2017. Of this amount, \$103,493 is reported as due to other governments.

***Plan Description – Ohio Police & Fire Pension Fund (OP&F)***

City full-time police participate in the Ohio Police & Fire Pension Fund (OP&F), a cost-sharing, multiple-employer defined benefit pension plan administered by OP&F. OP&F provides retirement and disability pension benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code (ORC). OP&F issues a publicly available financial report that includes financial information and required supplementary information and detailed information about OP&F fiduciary net position. The report may be obtained by visiting the OP&F website at [www.op-f.org](http://www.op-f.org) or by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, OH 43215-5164.

Upon attaining a qualifying age with sufficient years of service, a member of OP&F may retire and receive a lifetime monthly pension. OP&F offers four types of service retirement: normal, service commuted, age/service commuted and actuarially reduced. Each type has different eligibility guidelines and is calculated using the member's average annual salary. The following discussion of the pension formula relates to normal service retirement.

For members hired after July 1, 2013, the minimum retirement age is 52 for normal service retirement with at least 25 years of service credit. For members hired on or before July 1, 2013, the minimum retirement age is 48 for normal service retirement with at least 25 years of service credit.

The annual pension benefit for normal service retirement is equal to a percentage of the allowable average annual salary. The percentage equals 2.5% for each of the first 20 years of service credit, 2.0% for each of the next five years of service credit and 1.5% for each year of service credit in excess of 25 years. The maximum pension of 72% of the allowable average annual salary is paid after 33 years of service credit.

Under normal service retirement, retired members who are at least 55 years old and have been receiving OP&F benefits for at least one year may be eligible for a cost-of-living adjustment (COLA). The age 55 provision for receiving a COLA does not apply to those who are receiving a permanent and total disability benefit and statutory survivors.

Members retiring under normal service retirement, with less than 15 years of service credit on July 1, 2013, will receive a COLA equal to either 3% or the percent increase, if any, in the consumer price index (CPI) over the 12-month period ending September 30 of the immediately preceding year, whichever is less. The COLA amount for members with at least 15 years of service credit as of July 1, 2013 is equal to 3% of their base pension or disability benefit.



**CITY OF HILLIARD, OHIO**  
**Notes to the Basic Financial Statements, *continued***  
**Year Ended December 31, 2017**

**NOTE 9 – DEFINED BENEFIT PENSION PLANS - *continued***

*Funding Policy*—The ORC provides statutory authority for member and employer contributions as follows:

|  | <u>Police</u> |          |
|--|---------------|----------|
| <b>2017 Statutory Maximum Contribution Rates</b> |               |          |
| Employer   | 19.50         | %        |
| Employee   | 12.25         | %        |
| <b>2017 Actual Contribution Rates</b>            |               |          |
| Employer:  |               |          |
| Pension  | 19.00         | %        |
| Post-employment Health Care Benefits             | 0.50          | %        |
| Total Employer                                   | <u>19.50</u>  | <u>%</u> |
| Employee   | <u>12.25</u>  | <u>%</u> |

Employer contribution rates are expressed as a percentage of covered payroll. The City's contractually required contribution to OP&F was \$984,253 for 2017. Of this amount, \$105,941 is reported as due to other governments.

***Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions***

The net pension liability for OPERS was measured as of December 31, 2016 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. OP&F's total pension liability was measured as of December 31, 2016, and was determined by rolling forward the total pension liability as of January 1, 2016, to December 31, 2016. The City's proportion of the net pension liability was based on the City's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share:

|  | <u>OPERS</u>  | <u>OP&amp;F</u> | <u>Total</u>  |
|--|---------------|-----------------|---------------|
| Proportionate Share of Net Pension Liability | \$ 10,802,655 | \$ 13,104,630   | \$ 23,907,285 |
| Proportion of Net Pension Liability          | 0.04757%      | 0.20690%        |               |
| Change in Proportionate Share                | 0.00019%      | -0.00868%       |               |
| Pension Expense                              | \$ 2,429,513  | \$ 1,458,271    | \$ 3,887,784  |

**CITY OF HILLIARD, OHIO**  
**Notes to the Basic Financial Statements, *continued***  
**Year Ended December 31, 2017**

**NOTE 9 – DEFINED BENEFIT PENSION PLANS - *continued***

At December 31, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

|   | OPERS               | OP&F                | Total               |
|---|---------------------|---------------------|---------------------|
| <u>Deferred Outflows of Resources</u>   |                     |                     |                     |
| Differences between expected and actual experience                            | \$ 14,643           | \$ 3,708            | \$ 18,351           |
| Net differences between projected and actual investment earnings              | 1,608,765           | 1,274,366           | 2,883,131           |
| Change in assumptions   | 1,713,433           | -                   | 1,713,433           |
| Change in City's proportionate share and difference in employer contributions | 167,138             | 313,572             | 480,710             |
| City contributions subsequent to the measurement date                         | 866,257             | 984,253             | 1,850,510           |
|   | <u>\$ 4,370,236</u> | <u>\$ 2,575,899</u> | <u>\$ 6,946,135</u> |
| <u>Deferred Inflows of Resources</u>  |                     |                     |                     |
| Differences between expected and actual experience                            | \$ 64,292           | \$ 30,172           | \$ 94,464           |
| Change in City's proportionate share and difference in employer contributions | -                   | 327,272             | 327,272             |
|   | <u>\$ 64,292</u>    | <u>\$ 357,444</u>   | <u>\$ 421,736</u>   |

\$1,850,510 reported as deferred outflows of resources related to pension resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

|                          | OPERS               | OP&F                | Total               |
|--------------------------|---------------------|---------------------|---------------------|
| Year Ending December 31: |                     |                     |                     |
| 2018                     | \$ 1,488,447        | \$ 494,269          | \$ 1,982,716        |
| 2019                     | 1,426,015           | 494,269             | 1,920,284           |
| 2020                     | 572,382             | 378,784             | 951,166             |
| 2021                     | (47,157)            | (76,184)            | (123,341)           |
| 2022                     | -                   | (50,592)            | (50,592)            |
| Thereafter               | -                   | (6,344)             | (6,344)             |
|                          | <u>\$ 3,439,687</u> | <u>\$ 1,234,202</u> | <u>\$ 4,673,889</u> |

**CITY OF HILLIARD, OHIO**  
**Notes to the Basic Financial Statements, *continued***  
**Year Ended December 31, 2017**

**NOTE 9 – DEFINED BENEFIT PENSION PLANS - *continued***

***Actuarial Assumptions – OPERS***

Actuarial valuations of an ongoing plan involve estimates of the values of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and cost trends. Actuarially determined amounts are subject to continual review or modification as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability in the actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

| <b>Assumptions</b>                              | <b>December 31, 2016<br/>Valuation</b>  | <b>December 31, 2015<br/>Valuation</b>  |
|---|---|---|
| Wage inflation                                  | 3.25%   | 3.75%   |
| Future salary increases,<br>Including inflation | 3.25% to 10.75%   | 4.25% to 10.05%   |
| COLA or Ad Hoc COLA                             | Pre 1/7/2013 retirees: 3%;<br>Post 1/7/2013 retirees: 3%<br>simple through 2018, then<br>2.15% simple | Pre 1/7/2013 retirees: 3%;<br>Post 1/7/2013 retirees: 3%<br>simple through 2018, then<br>2.80% simple |
| Investment rate of return                       | 7.50%   | 8.00%   |
| Actuarial cost method                           | Individual entry age  | Individual entry age  |
| Mortality tables                                | RP-2014   | RP-2000   |

Mortality rates are based on the RP-2014 Healthy Annuitant mortality table. For males, Healthy Annuitant Mortality tables were used, adjusted for mortality improvement back to the observation period base of 2006 and then established the base year as 2015. For females, Healthy Annuitant Mortality tables were used, adjusted for mortality improvements back to the observation period base year of 2006 and then established the base year as 2010. The mortality rates used in evaluating disability allowances were based on the RP-2014 Disabled mortality tables, adjusted for mortality improvement back to the observation base year of 2006 and then established the base year as 2015 for males and 2010 for females. Mortality rates for a particular calendar year for both healthy and disabled retiree mortality tables are determined by applying the MP-2015 mortality improvement scale to the above described tables.

The most recent experience study was completed for the five-year period ended December 31, 2015.

The long-term rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation.

**CITY OF HILLIARD, OHIO**  
**Notes to the Basic Financial Statements, *continued***  
**Year Ended December 31, 2017**

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**NOTE 9 – DEFINED BENEFIT PENSION PLANS - *continued***

During 2016, OPERS managed investments in four investment portfolios: the Defined Benefit portfolio, the 401(h) Health Care Trust portfolio, the 115 Health Care Trust portfolio and the Defined Contribution portfolio. The 401(h) Health Care Trust portfolio was closed as of June 30, 2016. The Defined Benefit portfolio contains the investment assets of the Traditional Pension Plan, the defined benefit component of the Combined Plan and the annuitized accounts of the Member-Directed Plan. The Defined Benefit portfolio historically included the assets of the Member-Directed retiree medical accounts funded through the VEBA Trust. However, the VEBA Trust was closed as of June 30, 2016 and the net position transferred to the 115 Health Care Trust portfolio on July 1, 2016. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio is 8.3% for 2016.

The allocation of investment assets with the Defined Benefit portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The table below displays the Board-approved asset allocation policy for 2016 and the long-term expected real rates of return:

| Asset Class            | Target<br>Allocation | Weighted Average<br>Long-Term Expected<br>Real Rate of Return<br>(Arithmetic) |
|------------------------|----------------------|---|
| Fixed Income           | 23.00%               | 2.75%   |
| Domestic Equities      | 20.70%               | 6.34%   |
| Real Estate            | 10.00%               | 4.75%   |
| Private Equity         | 10.00%               | 8.97%   |
| International Equities | 18.30%               | 7.95%   |
| Other Investments      | <u>18.00%</u>        | <u>4.92%</u>  |
| Total                  | <u>100.00%</u>       | <u>5.66%</u>  |

**Discount Rate.** The discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**CITY OF HILLIARD, OHIO**  
**Notes to the Basic Financial Statements, *continued***  
**Year Ended December 31, 2017**

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**NOTE 9 – DEFINED BENEFIT PENSION PLANS - *continued***

***Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate.*** The following table represents the City's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.50%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage point lower (6.50%) and one-percentage point higher (8.50%) than the current rate:

|  | 1% Decrease<br>(6.50%) | Current<br>Discount<br>Rate of 7.50% | 1% Increase<br>(8.50%) |
|--|------------------------|--------------------------------------|------------------------|
| City's proportionate share<br>of the net pension liability | \$ 16,503,686          | \$ 10,802,655                        | \$ 6,052,113           |

***Actuarial Assumptions – OP&F***

OP&F's total pension liability as of December 31, 2016 is based on the results of an actuarial valuation date of January 1, 2016, and rolled-forward using generally accepted actuarial procedures. The total pension liability is determined by OP&F's actuaries in accordance with GASB Statement No. 67, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determine amounts are subject to continual review and potential modifications, as actual results are compared with past experiences and new estimates are made about the future.

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of January 1, 2016, are presented below:

|                            |   |
|----------------------------|---|
| Valuation date             | January 1, 2016 with actuarial liabilities<br>rolled forward to December 31, 2016 |
| Actuarial cost method      | Entry age normal  |
| Investment rate of return  | 8.25%   |
| Projected salary increases | 4.25% to 11.00%   |
| Payroll increases          | 3.75%   |
| Inflation assumptions      | 3.25%   |
| Cost of living adjustments | 2.60% and 3.00% simple  |

Rates of death are based on the RP2000 Combined Table, age-adjusted as follows. For active members, set back six years. For disability retirements, set forward five years for police and three years for firefighters. For service retirements, set back zero years for police and two years for firefighters. For beneficiaries, set back zero years. The rates are applied on a fully generational basis, with a base year of 2009, using mortality improvement Scale AA.

The most recent experience study was completed for the five-year period ended December 31, 2011.

**CITY OF HILLIARD, OHIO**  
**Notes to the Basic Financial Statements, *continued***  
**Year Ended December 31, 2017**

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**NOTE 9 – DEFINED BENEFIT PENSION PLANS - *continued***

The long-term expected rate of return on pension plan investments was determine using a building-block approach and assumes a time horizon, as defined in the Statement of Investment Policy. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted average of expected real return premiums for each asset class, adding the projected inflation rate and adding the expected return from rebalancing uncorrelated asset classes. Best estimates of the long-term expected geometric real rates of return for each major asset class included in OP&F's target asset allocation as of December 31, 2016 are summarized below:

| Asset Class                            | Target<br>Allocation | Long-Term<br>Expected<br>Real Rate<br>of Return |
|--|----------------------|---|
| Cash and Cash Equivalent               | 0.0%                 | 0.0%  |
| Domestic Equity                        | 16.0%                | 5.21%   |
| Non-U.S. Equity                        | 16.0%                | 5.40%   |
| Core Fixed Income*                     | 20.0%                | 2.37%   |
| Global Inflation Protected Securities* | 20.0%                | 2.33%   |
| High Yield                             | 15.0%                | 4.48%   |
| Real Estate                            | 12.0%                | 5.65%   |
| Private Markets                        | 8.0%                 | 7.99%   |
| Timber                                 | 5.0%                 | 6.87%   |
| Master Limited Partnerships            | 8.0%                 | 7.36%   |

Note: Assumptions are geometric. \* Levered 2x

OP&F's Board of Trustees has incorporated the risk parity concept into OP&F's asset liability valuation with the goal of reducing equity risk exposure, which reduces overall Total Portfolio risk without sacrificing return and creating a more risk-balanced portfolio based on their relationship between asset classes and economic environments. From the notional portfolio perspective above, the Total Portfolio may be levered up to 1.20 times due to the application of leverage in certain fixed income asset classes.

**Discount Rate.** The total pension liability was calculated using the discount rate of 8.25%. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earnings were calculated using the longer-term assumed investment rate of return of 8.25%. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, a long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

**CITY OF HILLIARD, OHIO**  
**Notes to the Basic Financial Statements, *continued***  
**Year Ended December 31, 2017**

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**NOTE 9 – DEFINED BENEFIT PENSION PLANS - *continued***

***Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate.*** Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 8.25%, as well as what the net pension liability would be if it were calculated using a discount rate that is one-percentage point lower (7.25%) or one-percentage point higher (9.25%) than the current rate.

|  | 1% Decrease<br>(7.25%) | Current<br>Discount<br>Rate of 8.25% | 1% Increase<br>(9.25%) |
|--|------------------------|--------------------------------------|------------------------|
| City's proportionate share<br>of the net pension liability | \$ 17,453,814          | \$ 13,104,630                        | \$ 9,418,637           |

***Changes Between Measurement Date and Report Date.*** In 2017, the OP&F Board of Trustees adopted certain assumption changes which will impact their annual actuarial valuation prepared as of January 1, 2017. The most significant change is a reduction in the discount rate from 8.25% to 8.00%. Although the exact amount of these changes is not known, the impact to the City's net pension liability is expected to be significant.

**NOTE 10 – POSTEMPLOYMENT BENEFITS**

***Ohio Public Employees Retirement System***

Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: The Traditional Pension Plan—a cost-sharing, multiple-employer defined benefit pension plan; the Member-Directed Plan—a defined contribution plan; and the Combined Plan—a cost sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing, multiple-employer defined post-employment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement to qualifying benefit recipients of both the Traditional Pension and Combined plans. This trust is also used to fund health care for Member-Directed Plan participants, in the form of a Retiree Medical Account (RMA). At retirement or refund, Member-Directed Plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

In order to qualify for health care coverage, age-and-service retirees under the Traditional Pension and Combined plans must have 20 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 45. Please see the Plan Statement in the OPERS 2016 CAFR for details.



**CITY OF HILLIARD, OHIO**  
**Notes to the Basic Financial Statements, *continued***  
**Year Ended December 31, 2017**

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**NOTE 10 – POSTEMPLOYMENT BENEFITS—*continued***

The Ohio Revised Code permits, but does not mandate, OPERS to provide health care benefits to its eligible benefit recipients. Authority to establish and amend health care coverage is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report. Interested parties may obtain a copy by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642, or by calling 614-222-5601 or 800-222-7377.

The Ohio Revised Code provides the statutory authority requiring public employers to fund health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans.

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2017, state and local employers contributed at a rate of 14.0% of earnable salary. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active members' contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 1.0% during calendar year 2017. As recommended by OPERS' actuary, the portion of employer contributions allocated to health care beginning January 1, 2018 decreased to 0.0% for both plans. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 2017 was 4.0%.

Actual employer contributions for 2017, 2016 and 2015 which were used to fund post-employment benefits were \$68,314, \$125,806, and \$123,733, respectively.

***Ohio Police and Fire Pension Fund***

The City contributes to the Ohio Police and Fire Pension Fund (OP&F) sponsored health care program, a cost sharing multiple-employer defined postemployment health care plan administered by OP&F. OP&F provides healthcare benefits including coverage for medical, prescription drugs, dental, vision, Medicare Part B Premium and long term care to retirees, qualifying benefit recipients and their eligible dependents.

OP&F provides access to post-retirement health care coverage for any person who receives or is eligible to receive a monthly service, disability, or statutory survivor benefit or is a spouse or eligible dependent child of such person. The health care coverage provided by OP&F meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 45.

The Ohio Revised Code allows, but does not mandate OP&F to provide OPEB benefits. Authority for the OP&F Board of Trustees to provide health care coverage to eligible participants and to establish and amend benefits is codified in Chapter 742 of the Ohio Revised Code.



**CITY OF HILLIARD, OHIO**  
**Notes to the Basic Financial Statements, *continued***  
**Year Ended December 31, 2017**

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**NOTE 10 – POSTEMPLOYMENT BENEFITS—*continued***

OP&F issues a publicly available financial report that includes financial information and required supplementary information for the Plan. That report may be obtained by writing to OP&F, 140 East Town Street, Columbus, Ohio 43215-5164 or on OP&F's website at [www.op-f.org](http://www.op-f.org).

The Ohio Revised Code provides for contribution requirements of the participating employers and of plan members to the OP&F (defined benefit pension plan). Participating employers are required to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently, 19.5% of covered payroll for police employers, respectively. The Ohio Revised Code states that the employer contribution may not exceed 19.5% of covered payroll for police employer units. Active members do not make contributions to the OPEB Plan.

OP&F maintains funds for health care in two separate accounts. One for health care benefits under an IRS Code Section 115 trust and one for Medicare Part B reimbursements administrated as an Internal Revenue Code 401(h) account, both of which are within the defined benefit pension plan, under the authority granted by the Ohio Revised Code to the OP&F Board of Trustees.

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. The portion of employer contributions allocated to health care was 0.5% of covered payroll throughout 2017. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h).

The OP&F Board of Trustees also is authorized to establish requirements for contributions to the health care plan by retirees and their eligible dependents, or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. The City's actual contributions for 2017, 2016 and 2015 that were used to fund post-employment benefits were \$25,591, \$24,779, and \$24,624, respectively.

**NOTE 11 – OTHER EMPLOYEE BENEFITS**

**Compensated Absences**

*Accumulated Unpaid Vacation*

City employees earn vacation leave at varying rates based upon length of service. Vacation can accumulate to a maximum of 400 hours. When an employee terminates employment, he/she is paid for 100 percent of their unused vacation leave. City employees can also earn compensatory time. Compensatory time is paid at one and one-half times an employee's regular rate. Employees with time remaining upon termination of their employment will be paid for any unused compensatory time.

*Accumulated Unpaid Sick Leave*

City employees earn sick leave at the rate of four and six tenths hours per eighty hours of service. Sick leave is cumulative without limit. In the case of death or retirement, an employee (or his/her estate) is paid 50 percent of accumulated sick leave up to a maximum payment of 500 hours.

**CITY OF HILLIARD, OHIO**  
**Notes to the Basic Financial Statements, *continued***  
**Year Ended December 31, 2017**

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**NOTE 11 – OTHER EMPLOYEE BENEFITS—*continued***

**Deferred Compensation**

City employees may participate in Mass Mutual, ING or Ohio Public Employees Deferred Compensation Plans. These plans were created in accordance with Internal Revenue Code Section 457. Participation is on a voluntary payroll deduction basis. The plans permit deferral of compensation until future years. According to the plans, the deferred compensation is not available until termination, retirement, death, or an unforeseeable emergency.

**NOTE 12 – CAPITAL LEASES - LESSEE DISCLOSURE**

The City has leases for a building, vehicles and equipment, including a new lease in 2016 for a wheel loader. The building lease meets the criteria of a capital lease as the present value of the minimum lease payments at the beginning of the lease equals the fair value of the leased property. While the vehicle and equipment leases meet the criteria, which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments have been reclassified and are reflected as debt service expenditures in the Basic Financial Statements for the governmental funds. These expenditures are reflected as program/function expenditures on a budgetary basis.

On June 25, 2007, the City entered into an agreement with Norwich Township (the “Township”), a separate legal entity, for the joint construction and management of a public safety building. The building was constructed and is owned and managed by the Township. Initially the Township paid the entire cost of the building construction. The City entered into a 30-year lease agreement with the Township under which the City will pay its allocated portion of the construction cost which totaled \$6,417,386. The lease agreement began upon completion of the building and the first lease payment was made on June 1, 2009. The present value of the minimum lease payments equals the cost of construction allocated to the City and has been included as a capital asset and a long-term liability in the Statement of Net Position.

The future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2017 were as follows:

| Year Ending December 31,                    | Safety Building<br>and Equipment<br>Leases |
|---|--|
| 2018  | \$ 413,312                                 |
| 2019  | 413,312                                    |
| 2020  | 413,312                                    |
| 2021  | 395,588                                    |
| 2022  | 389,680                                    |
| 2023-2027                                   | 1,948,397                                  |
| 2028-2032                                   | 1,948,398                                  |
| 2033-2037                                   | 1,948,398                                  |
| 2038  | 389,680                                    |
| Total                                       | \$ 8,260,077                               |
| Less: amount representing interest          | (2,928,532)                                |
| Present value of net minimum lease payments | <u>\$ 5,331,545</u>                        |

**CITY OF HILLIARD, OHIO**  
**Notes to the Basic Financial Statements, *continued***  
**Year Ended December 31, 2017**

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**NOTE 13 – RISK MANAGEMENT**

**Property and Liability Insurance**

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During 2017, the City contracted with several different insurance providers for property, liability, and automobile insurance.

Settled claims have not exceeded this commercial coverage in any of the past three years. There was no significant reduction in the level of coverage from the prior year.

**Health Insurance**

The City maintains a self-funded health insurance program with claims processed by Central Benefits on behalf of the City. The Insurance Trust Fund (an internal service fund) was created in 1989 to account for and finance the health insurance program. As an integral part of the health insurance program, stop loss coverage has been purchased covering claims in excess of \$75,000 per individual and \$1,000,000 per occurrence.

All funds of the City from which employee salaries are paid participate in the health insurance programs and make payments to the Insurance Trust Fund based on the amounts needed to make claim payments. Total contributions to the program during 2017 were \$2,431,646. The claims liability of \$452,000 reported in the Insurance Trust Fund at December 31, 2017, is based on the requirements of *GASB Statement No. 10, "Accounting and Financial Reporting for Risk Financing and Related Insurance Issues,"* as amended by *GASB Statement No. 30 "Risk Management Omnibus,"* which requires that a liability for claims be reported if information prior to issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Estimates were calculated by using actual claims reports for several months following the balance sheet date. This estimate was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claim adjustment expenses.

Changes in the Insurance Trust Fund's claims liability amount for 2015, 2016, and 2017 were:

| Year | Balance at<br>Beginning<br>of Year | Current<br>Year<br>Claims | Claims<br>Payments | Balance at<br>End of<br>Year |
|------|------------------------------------|---------------------------|--------------------|------------------------------|
| 2015 | \$ 226,000                         | \$ 2,292,975              | \$(2,264,975)      | \$ 254,000                   |
| 2016 | 254,000                            | 2,061,358                 | (2,187,358)        | 128,000                      |
| 2017 | 128,000                            | 2,353,581                 | (2,029,581)        | 452,000                      |

**CITY OF HILLIARD, OHIO**  
**Notes to the Basic Financial Statements, continued**  
**Year Ended December 31, 2017**

**NOTE 14 – LONG-TERM OBLIGATIONS**

Changes in governmental activities long-term obligations during 2017 were as follows:

| Type/Issues                              | Beginning<br>Balance | Issued              | Retired                | Ending<br>Balance    | Due Within<br>One Year |
|--|----------------------|---------------------|------------------------|----------------------|------------------------|
| <u>Notes &amp; Loans Payable:</u>        |                      |                     |                        |                      |                        |
| 2005 OWDA Loan 3% \$2,234,466            | \$ 974,279           | \$ -                | \$ (232,801)           | \$ 741,478           | \$ 239,837             |
| 2012 OPWC Loan \$2,730,423               | 2,348,164            | -                   | (109,217)              | 2,238,947            | 109,217                |
| 2016 Taxable Notes 1.375% \$6,500,000    | 6,500,000            | -                   | (6,500,000)            | -                    | -                      |
| Total Notes & Loans Payable              | <u>9,822,443</u>     | <u>-</u>            | <u>(6,842,018)</u>     | <u>2,980,425</u>     | <u>349,054</u>         |
| <u>Unvoted General Obligation Bonds:</u> |                      |                     |                        |                      |                        |
| 2007 Various Purpose & Refunding         |                      |                     |                        |                      |                        |
| 4.0 - 5.0% \$7,975,000                   | 365,000              | -                   | (365,000)              | -                    | -                      |
| 2009 Various Purpose                     |                      |                     |                        |                      |                        |
| 2.25 - 5.0% \$15,540,000                 | 2,130,000            | -                   | (700,000)              | 1,430,000            | 720,000                |
| 2011 Various Purpose                     |                      |                     |                        |                      |                        |
| 2.0 - 4.25% \$8,020,000                  | 5,795,000            | -                   | (350,000)              | 5,445,000            | 360,000                |
| 2012 Various Purpose                     |                      |                     |                        |                      |                        |
| 2.0 - 5.0% \$11,085,000                  | 8,460,000            | -                   | (875,000)              | 7,585,000            | 900,000                |
| 2013 Refunding                           |                      |                     |                        |                      |                        |
| 1.0 - 3.5% \$8,905,000                   | 7,555,000            | -                   | (875,000)              | 6,680,000            | 855,000                |
| 2014 Refunding                           |                      |                     |                        |                      |                        |
| 2.0 - 4.0%, \$5,160,000                  | 4,940,000            | -                   | (50,000)               | 4,890,000            | 430,000                |
| 2015 Various Purpose & Refunding         |                      |                     |                        |                      |                        |
| 4.0%, \$8,745,000                        | 8,230,000            | -                   | (200,000)              | 8,030,000            | 210,000                |
| 2016A Various Purpose & Refunding        |                      |                     |                        |                      |                        |
| 2.0%-4.0%, \$8,205,000                   | 7,860,000            | -                   | (245,000)              | 7,615,000            | 250,000                |
| 2016B Various Purpose                    |                      |                     |                        |                      |                        |
| 2.0%-4.0%, \$3,855,000                   | 3,855,000            | -                   | (135,000)              | 3,720,000            | 140,000                |
| 2017 Various Purpose                     |                      |                     |                        |                      |                        |
| 2.0%-4.0%, \$4,655,000                   | -                    | 4,655,000           | (220,000)              | 4,435,000            | 165,000                |
| Total General Obligation Bonds           | <u>49,190,000</u>    | <u>4,655,000</u>    | <u>(4,015,000)</u>     | <u>49,830,000</u>    | <u>4,030,000</u>       |
| <u>Other Long-Term Obligations:</u>      |                      |                     |                        |                      |                        |
| Compensated Absences                     | 1,755,516            | 1,087,239           | (940,451)              | 1,902,304            | 1,013,260              |
| Premium on GO Bonds Issued               | 4,317,370            | 453,669             | (445,471)              | 4,325,568            | -                      |
| Capital Leases                           | 5,500,769            | -                   | (169,224)              | 5,331,545            | 176,581                |
| Net Pension Liabilities:                 |                      |                     |                        |                      |                        |
| OPERS                                    | 8,206,216            | 2,596,439           | -                      | 10,802,655           | -                      |
| OP&F                                     | 13,868,027           | -                   | (763,397)              | 13,104,630           | -                      |
| Total Other Long-Term Obligations        | <u>33,647,898</u>    | <u>4,137,347</u>    | <u>(2,318,543)</u>     | <u>35,466,702</u>    | <u>1,189,841</u>       |
| Total Long-Term Obligations              | <u>\$ 92,660,341</u> | <u>\$ 8,792,347</u> | <u>\$ (13,175,561)</u> | <u>\$ 88,277,127</u> | <u>\$ 5,568,895</u>    |

**CITY OF HILLIARD, OHIO**  
**Notes to the Basic Financial Statements, *continued***  
**Year Ended December 31, 2017**

**NOTE 14 – LONG -TERM OBLIGATIONS—*continued***

The OWDA and OPWC loans will be paid from the Capital Improvements Municipal Tax Capital Projects Fund.

Generally, all voted and unvoted general obligation bond issues and notes payable will be paid through the Street Improvement Municipal Tax, Water and Sewer Revenue and Tax Increment Financing Special Revenue Funds and the Capital Improvements Municipal Tax Capital Projects Fund.

Capital leases were paid from the Capital Improvement Municipal Tax Capital Projects Fund.

Compensated absences and employer pension contributions, one of many components that impact net pension liabilities, are generally paid from the General, the Street Maintenance and Repair, and the Water and Sewer Special Revenue Funds.

In April 2017, the City issued \$4,655,000 in Series 2017 General Obligation Various Purpose Bonds to refinance a portion of the Series 2016 Various Purpose Notes. The bonds bear interest between 2% - 4% and mature on December 1, 2036.

In July 2017, the City was approved to receive \$1,750,000 in grant funding and \$5,407,500 in a zero-interest, 20-year loan from the Ohio Public Works Commission for Scioto Darby and Leppert road improvements. As of December 31, 2017, the City hadn't spent any grant funds or received any loan proceeds.

As of December 31, 2017, the City's overall legal debt margin (the ability to issue additional amounts of general obligation bonded debt) was \$108,274,872 with an unvoted debt margin of \$56,715,409.

Principal and interest requirements to retire the City's long-term obligations outstanding at December 31, 2017, are:

|           | OWDA Loans        |                  | General Obligation Bonds |                      | OPWC Loan           |             |
|-----------|-------------------|------------------|--------------------------|----------------------|---------------------|-------------|
| Year      | Principal         | Interest         | Principal                | Interest             | Principal           | Interest    |
| 2018      | \$ 239,837        | \$ 20,459        | \$ 4,030,000             | \$ 2,201,829         | \$ 109,217          | \$ -        |
| 2019      | 247,086           | 13,210           | 4,080,000                | 2,081,179            | 109,217             | -           |
| 2020      | 254,555           | 5,741            | 4,240,000                | 1,559,479            | 109,217             | -           |
| 2021      | -                 | -                | 4,315,000                | 1,446,391            | 109,217             | -           |
| 2022      | -                 | -                | 4,470,000                | 1,300,751            | 109,217             | -           |
| 2023-2027 | -                 | -                | 18,365,000               | 4,085,542            | 546,085             | -           |
| 2028-2032 | -                 | -                | 6,945,000                | 1,376,751            | 546,085             | -           |
| 2033-2037 | -                 | -                | 3,385,000                | 321,200              | 546,084             | -           |
| 2038      | -                 | -                | -                        | -                    | 54,608              | -           |
| Totals    | <u>\$ 741,478</u> | <u>\$ 39,410</u> | <u>\$ 49,830,000</u>     | <u>\$ 14,373,122</u> | <u>\$ 2,238,947</u> | <u>\$ -</u> |

**CITY OF HILLIARD, OHIO**  
**Notes to the Basic Financial Statements, *continued***  
**Year Ended December 31, 2017**

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**NOTE 15 – INTERFUND TRANSACTIONS**

Amounts due to/due from other funds at December 31, 2017 were as follows:

|                                    | <u>Due From</u>          | <u>Due To</u>            |
|------------------------------------|--------------------------|--------------------------|
| Governmental Funds:                |                          |                          |
| General Fund                       | \$ 48,152                | \$ 386,491               |
| Street Maintenance and Repair Fund | -                        | 30,122                   |
| Water and Sewer Revenue Fund       | -                        | 55,718                   |
| Nonmajor Governmental Funds        | -                        | 27,859                   |
|                                    | <u>48,152</u>            | <u>500,190</u>           |
| <br>Internal Service Fund          | <br>452,038              | <br>-                    |
|                                    | <u><u>\$ 500,190</u></u> | <u><u>\$ 500,190</u></u> |

The outstanding balances between funds result mainly from the time lag between the dates that interfund goods and services are provided or reimbursable expenditures occur.

The Nonmajor General Government Grant Fund borrowed \$188,885 from the General Fund to provide operating capital. This interfund loan is expected to be repaid within one year.

Transfers are used to move revenues from one fund that statute or budget requires to collect them to the fund that statute or budget required to expend them or move unrestricted revenues collected in the General Fund to finance various programs and projects accounted for in other funds in accordance with budgetary authorizations. During 2017, the City transferred \$3,500,000 from the General Fund to the Capital Improvement Municipal Tax Fund to finance various capital projects. Transfers between governmental funds are eliminated for reporting on the statement of activities.

**NOTE 16 – FUND BALANCES**

Fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the City is “bound to honor constraints on the specific purposes for which amounts in the fund can be spent” in accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The components for reporting the City’s fund balance are nonspendable, restricted, committed, assigned and unassigned. Restricted fund balance includes those amounts that are restricted by parties outside of the City and pursuant to enabling legislation. Committed fund balance describes the portion of fund balance that has been limited by use by approval of City Council. City Council is the City’s highest level of decision making. Fund balance commitments are established, modified, or rescinded by City Council action through passage of an ordinance. Assigned fund balance includes amounts that have an intended use by City, but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amounts that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by the City Council. The City Council has authorized the Finance Director to assign fund balance for purchases on order provided those amounts have been lawfully appropriated. The unassigned fund balance represents the residual net resources.

**CITY OF HILLIARD, OHIO**  
**Notes to the Basic Financial Statements, continued**  
**Year Ended December 31, 2017**

**NOTE 16 – FUND BALANCES—continued**

The City considers restricted amounts to have been spent when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available. The City does not have a formal policy for its use of unrestricted fund balance amounts; therefore, it considers committed amounts used first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

| Fund Balances               | General              | Street<br>Maintenance<br>and Repair | Street<br>Improvement<br>Municipal Tax | Water<br>and Sewer<br>Revenue | TIF                 | Capital<br>Improvement<br>Municipal Tax | Nonmajor<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|-----------------------------|----------------------|-------------------------------------|--|-------------------------------|---------------------|---|-----------------------------------|--------------------------------|
| <b>Nonspendable:</b>        |                      |                                     |  |                               |                     |   |                                   |                                |
| Prepays                     | \$ 71,894            | \$ -                                | \$ -                                   | \$ -                          | \$ -                | \$ -                                    | \$ -                              | \$ 71,894                      |
| <b>Restricted for:</b>      |                      |                                     |  |                               |                     |   |                                   |                                |
| Infrastructure improvements | -                    | 1,802,790                           | -                                      | -                             | 4,169,753           | -                                       | 459,135                           | 6,431,678                      |
| Public safety programs      | -                    | -                                   | -                                      | -                             | -                   | -                                       | 181,473                           | 181,473                        |
| Capital outlay              | -                    | -                                   | -                                      | -                             | -                   | 8,697,076                               | -                                 | 8,697,076                      |
| <b>Total Restricted</b>     | -                    | 1,802,790                           | -                                      | -                             | 4,169,753           | 8,697,076                               | 640,608                           | 15,310,227                     |
| <b>Committed to:</b>        |                      |                                     |  |                               |                     |   |                                   |                                |
| Engineering                 | 83,789               | -                                   | -                                      | -                             | -                   | -                                       | -                                 | 83,789                         |
| Utility operations          | -                    | -                                   | -                                      | 1,592,343                     | -                   | -                                       | 673,448                           | 2,265,791                      |
| Infrastructure improvements | -                    | -                                   | 2,642,677                              | -                             | -                   | -                                       | -                                 | 2,642,677                      |
| Park maintenance            | -                    | -                                   | -                                      | -                             | -                   | -                                       | 165,113                           | 165,113                        |
| <b>Total committed</b>      | 83,789               | -                                   | 2,642,677                              | 1,592,343                     | -                   | -                                       | 838,561                           | 5,157,370                      |
| <b>Assigned to:</b>         |                      |                                     |  |                               |                     |   |                                   |                                |
| Budgetary resource          | 4,890,707            | -                                   | -                                      | -                             | -                   | -                                       | -                                 | 4,890,707                      |
| Purchases on order          | 2,156,246            | -                                   | -                                      | -                             | -                   | -                                       | -                                 | 2,156,246                      |
| <b>Total assigned</b>       | 7,046,953            | -                                   | -                                      | -                             | -                   | -                                       | -                                 | 7,046,953                      |
| <b>Unassigned (deficit)</b> | 9,023,648            | -                                   | -                                      | -                             | -                   | -                                       | (199,713)                         | 8,823,935                      |
| <b>Total Fund Balance</b>   | <u>\$ 16,226,284</u> | <u>\$ 1,802,790</u>                 | <u>\$ 2,642,677</u>                    | <u>\$ 1,592,343</u>           | <u>\$ 4,169,753</u> | <u>\$ 8,697,076</u>                     | <u>\$ 1,279,456</u>               | <u>\$ 36,410,379</u>           |

**Minimum Fund Balance Policy**

On December 16, 2013, the City adopted an ordinance establishing a reserve fund to maintain a target fund balance of 25% of the City's annual budgeted expenditures in the General Fund for that budget year. This amount is intended to minimize volatility in providing City programs, projects, and levels of service to its citizens. Use of funds must be authorized by passage of an ordinance by City Council and be replenished no later than December 31<sup>st</sup> of the following year.

**NOTE 17 – CONDUIT DEBT OBLIGATIONS**

From time to time, the City has issued industrial revenue development bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from the payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity. Neither the City, the State, nor any political subdivision thereof is obligated in any manner for the repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.



**CITY OF HILLIARD, OHIO**  
**Notes to the Basic Financial Statements, *continued***  
**Year Ended December 31, 2017**

**NOTE 17 – CONDUIT DEBT OBLIGATIONS—*continued***

As of December 31, 2017, there were two series of industrial revenue development bonds outstanding with an aggregate principal amount payable of \$405,000.

**NOTE 18 – CONTRACTUAL COMMITMENTS**

As of December 31, 2017, the City had contractual purchase commitments as follows:

| Vendor                        | Contract<br>Amount  | Amount<br>Expended  | Balance<br>12/31/17 |
|-------------------------------|---------------------|---------------------|---------------------|
| American Structurepoint       | \$ 168,000          | \$ -                | \$ 168,000          |
| Arcadis                       | 60,000              | -                   | 60,000              |
| Burgess & Niple               | 210,000             | 106,284             | 103,716             |
| Columbus Asphalt Paving       | 439,685             | 250,410             | 189,275             |
| FCEO/Transystems              | 100,000             | -                   | 100,000             |
| Insight Pipe Contracting, LLC | 167,700             | -                   | 167,700             |
| John Eramo & Sons, Inc.       | 802,233             | 785,743             | 16,490              |
| Layton, Inc.                  | 439,227             | 352,482             | 86,745              |
| MS Consultants, Inc.          | 982,527             | 36,100              | 946,427             |
| Trucco Construction           | 1,977,488           | 592,170             | 1,385,318           |
| URS Corporation               | 142,300             | 31,211              | 111,089             |
| Woolpert                      | 175,000             | 62,193              | 112,807             |
|                               | <u>\$ 5,664,160</u> | <u>\$ 2,216,593</u> | <u>\$ 3,447,567</u> |

**Encumbrances**

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed in all funds. On the GAAP basis of accounting, encumbrances do not constitute expenditures or liabilities. There were outstanding encumbrances in the six major governmental funds and in the nonmajor funds at December 31, 2017: \$2,396,232 in the General Fund, \$429,724 in the Street Maintenance and Repair Fund, \$1,262,185 in the Street Improvement Municipal Tax Fund, \$534,212 in the Water and Sewer Revenue Fund, \$4,118 in the TIF Fund, \$6,001,106 in the Capital Improvement Municipal Tax Fund and \$737,898 in the Nonmajor Funds.



**CITY OF HILLIARD, OHIO**  
**Notes to the Basic Financial Statements, *continued***  
**Year Ended December 31, 2017**

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**NOTE 19 – RELATED ORGANIZATIONS**

**Hilliard Arts Council Corporation**

The Hilliard Arts Council Corporation (the Corporation) is a separately created nonprofit (501(c)(3)) organization. The Corporation is governed by an eleven-member Board of Trustees appointed as follows: four members appointed by the Hilliard City Council, one member appointed by the Hilliard Area Chamber of Commerce, one member appointed by the Hilliard Recreation and Parks Director, one member appointed by the Hilliard City School District, and four members appointed by the Mayor of the City of Hilliard. The Trustees adopt their own budget, hire and fire their own staff, authorize expenditures, and do not rely on the City to finance deficits. The City cannot influence the Corporation's operations, nor does the Corporation represent a potential financial benefit or burden to the City.

**Norwich Township**

The City and Norwich Township entered into a Joint Construction and Management Agreement which provides for the renovation, construction, management and use of a combined fire and police facility. Renovation was completed in December of 2008 and the City moved to the new facility in early 2009. The facility houses Township administration offices, City of Hilliard Mayor's Court, City of Hilliard Police Department, City of Hilliard Communications and Norwich Township Fire Department. In addition to the joint agreement, the City provides police services to the unincorporated areas of the Township through a separate agreement and dispatching services for the fire department under a separate agreement. The Township provides fire protection and emergency medical services to the incorporated and unincorporated areas of the Township.

**Central Ohio Interoperable Radio System**

The Central Ohio Interoperable Radio System (COIRS) is a jointly governed organization between the City of Dublin, City of Worthington and Delaware County (the "members"). The intent of the COIRS is for the members to share in providing the financial resources and infrastructure needed to operate a digital 800MHZ public safety radio system used for dispatching emergency response and law enforcement services across the member jurisdictions. The COIRS is contracted by a Governing Board consisting of the County Administrator and the city managers for each city, or their representative. Each member's ability to influence the operations of COIRS is limited to its representation on the Governing Board. Appropriations are adopted by the Governing Board who exercised control over the operation and maintenance of COIRS. Each member initially contributed radio system infrastructure assets, and annually, are assessed a required contribution based on its utilization of the system and related operating costs. In April 2014, the City of Hilliard made a one-time, lump sum cash contribution of \$2,006,865 to become a member of COIRS. The City of Dublin serves as the fiscal agent. Financial information may be obtained from the City of Dublin, 5200 Emerald Parkway, Dublin, Ohio 43017.

**CITY OF HILLIARD, OHIO**  
**Notes to the Basic Financial Statements, *continued***  
**Year Ended December 31, 2017**

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**NOTE 20 – TAX ABATEMENTS**

The City uses income tax abatement agreements with local businesses under the Jobs Creation Tax Incentive Program, structured in accordance with Ohio Revised Code Section 718.15. Under the Program, the City may grant income tax incentives on local payroll withholding taxes paid to the City for the purpose of attracting or retaining businesses within its jurisdiction.

For the year ended December 31, 2017, the City abated income taxes totaling \$1,027,343 under the Program as follows:

- An annual incentive of 50% of actual local payroll withholding taxes paid to the City in excess of \$1,440,000 each year, from 2014 to 2023 with Verizon Wireless for a commitment to create jobs and make leasehold improvements. The abatement amounted to \$674,478;
- An annual incentive of 36% of actual local payroll withholding taxes paid to the City from 2006 to 2017 with BMW Financial Services for a commitment to create jobs. The abatement amounted to \$352,865.

**NOTE 21 – CONTINGENT LIABILITIES**

**Federal and State Grants**

For the year ended December 31, 2017, the City received federal and state grants for specific purposes that are subject to review and audit by grantor agencies or their designees. Such audits could lead to a request for reimbursement to the grantor agency for expenditures disallowed under the terms of the grant. Based on prior experience, the City believes such disallowance, if any, would be immaterial.

**Litigation**

The City is party to legal proceedings. The City is of the opinion that the ultimate disposition of claims will not have a material effect, if any, on the financial condition of the City.

**NOTE 22 – DEFICIT FUND BALANCE**

The Nonmajor General Government Grants Fund had a fund balance deficit of \$199,713 at December 31, 2017. The General Fund is liability for any deficits in fund balances and provides transfers when cash is required, not when accruals occur. The deficit fund balance resulted from adjustments from accrual of liabilities.

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## Required Supplementary Information

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Real People. Real Possibilities.

**CITY OF HILLIARD, OHIO**

## Required Supplementary Information

## Schedule of City's Proportionate Share of the Net Pension Liability

## Ohio Public Employees Retirement System - Traditional Pension Plan

## Last Four Years (1) (2)

|   | 2017          | 2016         | 2015         | 2014         |
|---|---------------|--------------|--------------|--------------|
| City's Proportion of the Net Pension Liability  | 0.04757%      | 0.04738%     | 0.04389%     | 0.04389%     |
| City's Proportionate Share of the Net Pension Liability   | \$ 10,802,655 | \$ 8,206,216 | \$ 5,293,745 | \$ 5,174,177 |
| City's Covered Payroll  | \$ 6,203,208  | \$ 5,895,875 | \$ 5,381,025 | \$ 5,221,423 |
| City's Proportionate Share of the Net Pension Liability<br>as a Percentage of its Covered Payroll | 174.15%       | 139.19%      | 98.38%       | 99.10%       |
| Plan Fiduciary Net Position as a Percentage of the<br>Total Pension Liability                     | 77.25%        | 81.08%       | 86.45%       | 86.36%       |

(1) Information prior to 2014 is not available. The City will continue to present information for years available until a full ten-year trend is compiled.

(2) Amounts presented for each year were determined as of the City's measurement date, which is the prior year-end.

**Notes to Schedule:**

*Change in assumptions.* In 2016, a five-year experience study was completed on the period January 1, 2011 through December 31, 2015. The OPERS Board adopted changes to both the demographic and economic assumptions as a result of the study. The most notable change in demographic assumptions is an increase in life expectancy of the members and the most notable change in economic assumptions is a reduction in the actuarially assumed rate of return from 8.0% down to 7.5% for the defined benefit investments. The new assumptions are included in the 2016 actuarial valuation.

**CITY OF HILLIARD, OHIO**

## Required Supplementary Information

## Schedule of City's Proportionate Share of the Net Pension Liability

## Ohio Police and Fire Pension Fund (1)

## Last Four Years (2)(3)

|   | 2017          | 2016          | 2015          | 2014          |
|---|---------------|---------------|---------------|---------------|
| City's Proportion of the Net Pension Liability  | 0.2069%       | 0.2156%       | 0.2066%       | 0.2066%       |
| City's Proportionate Share of the Net Pension Liability   | \$ 13,104,630 | \$ 13,868,027 | \$ 10,704,384 | \$ 10,063,612 |
| City's Covered Payroll  | \$ 4,974,232  | \$ 4,856,900  | \$ 4,551,263  | \$ 4,248,693  |
| City's Proportionate Share of the Net Pension Liability<br>as a Percentage of its Covered Payroll | 263.45%       | 285.53%       | 235.20%       | 236.86%       |
| Plan Fiduciary Net Position as a Percentage of the<br>Total Pension Liability                     | 68.36%        | 66.77%        | 72.20%        | 73.00%        |

(1) Only the City's police force participates in the fund.

(2) Information prior to 2014 is not available. The City will continue to present information for years available until a full ten-year trend is compiled.

(3) Amounts presented for each year were determined as of the City's measurement date, which is the prior year-end.

**CITY OF HILLIARD, OHIO**

## Required Supplementary Information

## Schedule of City Contributions

## Ohio Public Employees Retirement System - Traditional Pension Plan

## Last Seven Years (1)

|   | <u>2017</u>         | <u>2016</u>         | <u>2015</u>         | <u>2014</u>         | <u>2013</u>         |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|
| Contractually Required Contributions                                  | \$ 866,257          | \$ 744,385          | \$ 707,505          | \$ 645,723          | \$ 678,785          |
| Contributions in Relation to the Contractually Required Contributions | <u>\$ (866,257)</u> | <u>\$ (744,385)</u> | <u>\$ (707,505)</u> | <u>\$ (645,723)</u> | <u>\$ (678,785)</u> |
| Contribution Deficiency (Excess)                                      | <u>\$ -</u>         | <u>\$ -</u>         | <u>\$ -</u>         | <u>\$ -</u>         | <u>\$ -</u>         |
| City Covered Payroll  | \$ 6,663,515        | \$ 6,203,208        | \$ 5,895,875        | \$ 5,381,025        | \$ 5,221,423        |
| Contributions as a Percentage of Covered Payroll                      | 13.00%              | 12.00%              | 12.00%              | 12.00%              | 13.00%              |
|   | <u>2012</u>         | <u>2011</u>         |                     |                     |                     |
| Contractually Required Contributions                                  | \$ 678,683          | \$ 577,815          |                     |                     |                     |
| Contributions in Relation to the Contractually Required Contributions | <u>\$ (678,683)</u> | <u>\$ (577,815)</u> |                     |                     |                     |
| Contribution Deficiency (Excess)                                      | <u>\$ -</u>         | <u>\$ -</u>         |                     |                     |                     |
| City Covered Payroll  | \$ 6,786,830        | \$ 5,778,150        |                     |                     |                     |
| Contributions as a Percentage of Covered Payroll                      | 10.00%              | 10.00%              |                     |                     |                     |

(1) Information prior to 2011 is not available.

**CITY OF HILLIARD, OHIO**

Required Supplementary Information  
Schedule of City Contributions  
Ohio Police and Fire Pension Fund (1)  
Last Seven Years (2)

|   | <u>2017</u>      | <u>2016*</u>     | <u>2015</u>      | <u>2014</u>      | <u>2013</u>      |
|---|------------------|------------------|------------------|------------------|------------------|
| Contractually Required Contributions                                  | \$ 984,253       | \$ 945,104       | \$ 922,811       | \$ 864,740       | \$ 674,834       |
| Contributions in Relation to the Contractually Required Contributions | <u>(984,253)</u> | <u>(945,104)</u> | <u>(922,811)</u> | <u>(864,740)</u> | <u>(674,834)</u> |
| Contribution Deficiency (Excess)                                      | <u>\$ -</u>      | <u>\$ -</u>      | <u>\$ -</u>      | <u>\$ -</u>      | <u>\$ -</u>      |
| City Covered Payroll  | \$ 5,180,279     | \$ 4,974,232     | \$ 4,856,900     | \$ 4,551,263     | \$ 4,248,693     |
| Contributions as a Percentage of Covered Payroll                      | 19.00%           | 19.00%           | 19.00%           | 19.00%           | 15.88%           |
|   | <u>2012</u>      | <u>2011</u>      |                  |                  |                  |
| Contractually Required Contributions                                  | \$ 544,150       | \$ 511,223       |                  |                  |                  |
| Contributions in Relation to the Contractually Required Contributions | <u>(544,150)</u> | <u>(511,223)</u> |                  |                  |                  |
| Contribution Deficiency (Excess)                                      | <u>\$ -</u>      | <u>\$ -</u>      |                  |                  |                  |
| City Covered Payroll  | \$ 4,267,843     | \$ 4,009,592     |                  |                  |                  |
| Contributions as a Percentage of Covered Payroll                      | 12.75%           | 12.75%           |                  |                  |                  |

(1) Only the City's police force participates in the fund.

(2) Information prior to 2011 is not available.

\* Amounts restated based on revised information.



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## **Supplementary Information**

### **Combining Statements And Individual Fund Schedules**

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# CITY OF HILLIARD, OHIO

## Major Fund Descriptions

The **General Fund** is the operating fund and is used to account for all financial resources except for those required to be accounted for in another fund. The General Fund balance is available to the City for any purpose provided it is expended or transferred according to the general laws of Ohio.

With the implementation of GASB Statement No. 54, certain funds that the City prepares legally adopted budgets for no longer meet the definition to be reported as Special Revenue Funds and have been included with the General Fund in the governmental fund financial statements. The City has only presented the budget schedules for these funds:

The **Construction Inspection Fund** accounts for the construction inspection fees paid by developers. Expenditures are payments to the inspectors.

The **Police Benevolent Fund** accounts for various donations and fees received by the City for police-related programs that include Safety Town, DARE, and Police K-9.

### Major Special Revenue Funds:

The **Street Maintenance and Repair Fund** accounts for the portion of the state gasoline tax and motor vehicle registration fees restricted for maintenance and repair of streets within the City.

The **Street Improvement Municipal Tax Fund** accounts for a portion of the City's income tax collections to be used for repair and improvement of streets and highways. In 2017, 3% of income tax collections were deposited into the fund.

The **Water and Sewer Revenue Fund** is used to account for water and sewer tap fees and water and sewer surcharge revenues collected by the City of Columbus for the City of Hilliard. These revenues are used for upgrading and making minor repairs to water and sewer lines.

The **Tax Increment Financing Fund** accounts for real estate taxes received from various business owners to be used for City-owned infrastructure improvements that will benefit the business owners' property.

### Major Capital Project Fund:

The **Capital Improvement Municipal Tax Fund** accounts for 25 percent of the City's income tax collections and impact fees which are used for various capital improvements.

**CITY OF HILLIARD, OHIO**

## Schedule of Revenues, Expenditures and Changes in Fund

Balances - Budget and Actual - Budget (Non-GAAP) Basis

General Fund

Year Ended December 31, 2017

|                                | Budgeted Amounts  |                   | Actual            | Variance             |
|--------------------------------|-------------------|-------------------|-------------------|----------------------|
|                                | Original          | Final             | Amounts           | From Final<br>Budget |
| <b>Revenues</b>                |                   |                   |                   |                      |
| Property and other local taxes | \$ 1,551,818      | \$ 1,551,818      | \$ 1,532,877      | \$ (18,941)          |
| Municipal income taxes         | 13,277,951        | 16,777,951        | 19,207,845        | 2,429,894            |
| Intergovernmental              | 579,656           | 579,656           | 524,489           | (55,167)             |
| Charges for services           | 4,033,766         | 4,033,766         | 3,427,944         | (605,822)            |
| Licenses and permits           | 951,100           | 951,100           | 1,353,816         | 402,716              |
| Fines and forfeitures          | 350,000           | 350,000           | 261,207           | (88,793)             |
| Investment income              | 78,000            | 78,000            | 319,892           | 241,892              |
| Miscellaneous                  | 79,000            | 79,000            | 115,173           | 36,173               |
| Total revenues                 | <u>20,901,291</u> | <u>24,401,291</u> | <u>26,743,243</u> | <u>2,341,952</u>     |
| <b>Expenditures</b>            |                   |                   |                   |                      |
| Current:                       |                   |                   |                   |                      |
| General Government:            |                   |                   |                   |                      |
| Mayor:                         |                   |                   |                   |                      |
| Personal services              | 212,108           | 212,108           | 205,361           | 6,747                |
| Contractual services           | 7,400             | 7,400             | -                 | 7,400                |
| Materials and supplies         | 2,093             | 2,093             | 994               | 1,099                |
| Total Mayor                    | <u>221,601</u>    | <u>221,601</u>    | <u>206,355</u>    | <u>15,246</u>        |
| City Council:                  |                   |                   |                   |                      |
| Personal services              | 322,587           | 322,587           | 271,420           | 51,167               |
| Contractual services           | 41,394            | 41,394            | 24,533            | 16,861               |
| Materials and supplies         | 142,405           | 142,405           | 101,575           | 40,830               |
| Total City Council             | <u>506,386</u>    | <u>506,386</u>    | <u>397,528</u>    | <u>108,858</u>       |
| Clerk of Courts:               |                   |                   |                   |                      |
| Personal services              | 245,199           | 245,199           | 223,256           | 21,943               |
| Contractual services           | 133,795           | 133,795           | 131,488           | 2,307                |
| Materials and supplies         | 14,877            | 14,877            | 13,787            | 1,090                |
| Total Clerk of Courts          | <u>393,871</u>    | <u>393,871</u>    | <u>368,531</u>    | <u>25,340</u>        |
| Law:                           |                   |                   |                   |                      |
| Personal services              | 338,328           | 338,328           | 312,457           | 25,871               |
| Contractual services           | 121,718           | 121,718           | 67,163            | 54,555               |
| Materials and supplies         | 8,699             | 8,699             | 7,682             | 1,017                |
| Total Law                      | <u>\$ 468,745</u> | <u>\$ 468,745</u> | <u>\$ 387,302</u> | <u>\$ 81,443</u>     |

(continued)

**CITY OF HILLIARD, OHIO**

## Schedule of Revenues, Expenditures and Changes in Fund

Balances - Budget and Actual - Budget (Non-GAAP) Basis

General Fund

Year Ended December 31, 2017

*(continued)*

|                                | Budgeted Amounts |              | Actual     | Variance             |
|--------------------------------|------------------|--------------|------------|----------------------|
|                                | Original         | Final        | Amounts    | From Final<br>Budget |
| Finance:                       |                  |              |            |                      |
| Personal services              | \$ 741,828       | \$ 741,828   | \$ 704,088 | \$ 37,740            |
| Contractual services           | 97,500           | 97,500       | 84,961     | 12,539               |
| Materials and supplies         | 59,717           | 59,717       | 36,038     | 23,679               |
| Other                          | 110,709          | 110,709      | 58,079     | 52,630               |
| Total Finance                  | 1,009,754        | 1,009,754    | 883,166    | 126,588              |
| Economic Development:          |                  |              |            |                      |
| Personal services              | 194,651          | 194,651      | 110,070    | 84,581               |
| Contractual services           | 42,120           | 42,120       | -          | 42,120               |
| Materials and supplies         | 19,017           | 19,017       | 14,171     | 4,846                |
| Total Economic Development     | 255,788          | 255,788      | 124,241    | 131,547              |
| City Clerk:                    |                  |              |            |                      |
| Personal services              | 300              | 300          | -          | 300                  |
| Contractual services           | 3,100            | 3,100        | 1,329      | 1,771                |
| Materials and supplies         | 13,332           | 13,332       | 12,947     | 385                  |
| Total City Clerk               | 16,732           | 16,732       | 14,276     | 2,456                |
| Human Resources:               |                  |              |            |                      |
| Personal services              | 408,008          | 408,008      | 366,396    | 41,612               |
| Contractual services           | 124,085          | 124,085      | 100,163    | 23,922               |
| Materials and supplies         | 14,650           | 14,650       | 14,239     | 411                  |
| Total Human Resources          | 546,743          | 546,743      | 480,798    | 65,945               |
| Public Building and Land:      |                  |              |            |                      |
| Personal services              | 360,245          | 360,245      | 355,399    | 4,846                |
| Contractual services           | 101,674          | 101,674      | 95,811     | 5,863                |
| Materials and supplies         | 49,714           | 49,714       | 39,374     | 10,340               |
| Utilities                      | 607,705          | 607,705      | 605,365    | 2,340                |
| Total Public Building and Land | 1,119,338        | 1,119,338    | 1,095,949  | 23,389               |
| Information Technology:        |                  |              |            |                      |
| Personal services              | 403,417          | 403,417      | 280,344    | 123,073              |
| Contractual services           | 724,484          | 724,484      | 686,459    | 38,025               |
| Materials and supplies         | 27,798           | 27,798       | 23,939     | 3,859                |
| Total Information Technology   | \$ 1,155,699     | \$ 1,155,699 | \$ 990,742 | \$ 164,957           |

*(continued)*

**CITY OF HILLIARD, OHIO**

## Schedule of Revenues, Expenditures and Changes in Fund

## Balances - Budget and Actual - Budget (Non-GAAP) Basis

## General Fund

Year Ended December 31, 2017

(continued)

|  | Budgeted Amounts |              | Actual       | Variance             |
|--|------------------|--------------|--------------|----------------------|
|  | Original         | Final        | Amounts      | From Final<br>Budget |
| Boards and Commissions:                |                  |              |              |                      |
| Personal services                      | \$ 111,710       | \$ 111,710   | \$ 103,766   | \$ 7,944             |
| Materials and supplies                 | 57,000           | 57,000       | 30,874       | 26,126               |
| Total Boards and Commissions           | 168,710          | 168,710      | 134,640      | 34,070               |
| General Administrative:                |                  |              |              |                      |
| Personal services                      | 122,218          | 122,218      | 73,218       | 49,000               |
| Contractual services                   | 840,582          | 840,583      | 767,286      | 73,297               |
| Materials and supplies                 | 35,950           | 35,950       | 27,329       | 8,621                |
| Other                                  | 3,000,770        | 3,685,144    | 2,049,138    | 1,636,006            |
| Total General Administrative           | 3,999,520        | 4,683,895    | 2,916,971    | 1,766,924            |
| Total General Government               | 9,862,887        | 10,547,262   | 8,000,499    | 2,546,763            |
| Security of Persons and Property:      |                  |              |              |                      |
| Police:                                |                  |              |              |                      |
| Personal services                      | 9,112,100        | 9,315,100    | 8,602,444    | 712,656              |
| Contractual services                   | 977,436          | 977,436      | 951,893      | 25,543               |
| Materials and supplies                 | 271,070          | 271,070      | 251,703      | 19,367               |
| Other                                  | 300              | 300          | 300          | -                    |
| Total Police                           | 10,360,906       | 10,563,906   | 9,806,340    | 757,566              |
| Total Security of Persons and Property | 10,360,906       | 10,563,906   | 9,806,340    | 757,566              |
| Public Health:                         |                  |              |              |                      |
| County Health District:                |                  |              |              |                      |
| Contractual services                   | 260,876          | 260,876      | 257,183      | 3,693                |
| Total County Health District           | 260,876          | 260,876      | 257,183      | 3,693                |
| Total Public Health                    | 260,876          | 260,876      | 257,183      | 3,693                |
| Leisure Time Activities:               |                  |              |              |                      |
| Recreation:                            |                  |              |              |                      |
| Personal services                      | 2,478,752        | 2,478,752    | 2,322,865    | 155,887              |
| Contractual services                   | 323,210          | 323,210      | 299,917      | 23,293               |
| Materials and supplies                 | 435,230          | 435,230      | 407,544      | 27,686               |
| Utilities                              | 286,897          | 286,897      | 285,911      | 986                  |
| Other                                  | 37,493           | 37,493       | 36,163       | 1,330                |
| Total Recreation                       | 3,561,582        | 3,561,582    | 3,352,400    | 209,182              |
| Total Leisure Time Activities          | \$ 3,561,582     | \$ 3,561,582 | \$ 3,352,400 | \$ 209,182           |

(continued)

**CITY OF HILLIARD, OHIO**

## Schedule of Revenues, Expenditures and Changes in Fund

## Balances - Budget and Actual - Budget (Non-GAAP) Basis

## General Fund

Year Ended December 31, 2017

(concluded)

|  | Budgeted Amounts    |                     | Actual               | Variance             |
|--|---------------------|---------------------|----------------------|----------------------|
|  | Original            | Final               | Amounts              | From Final<br>Budget |
| Community Environment:                                       |                     |                     |                      |                      |
| Service/Engineer:  |                     |                     |                      |                      |
| Personal services  | \$ 755,367          | \$ 755,367          | \$ 707,852           | \$ 47,515            |
| Contractual services   | 2,143,633           | 2,143,633           | 2,051,141            | 92,492               |
| Materials and supplies                                       | 68,179              | 68,179              | 38,736               | 29,443               |
| Total Service/Engineer                                       | <u>2,967,179</u>    | <u>2,967,179</u>    | <u>2,797,729</u>     | <u>169,450</u>       |
| Building Inspection:   |                     |                     |                      |                      |
| Personal services  | 606,421             | 606,421             | 563,824              | 42,597               |
| Contractual services   | 19,133              | 19,133              | 8,000                | 11,133               |
| Materials and supplies                                       | 37,423              | 37,423              | 32,401               | 5,022                |
| Other  | 14,000              | 14,000              | -                    | 14,000               |
| Total Building Inspection                                    | <u>676,977</u>      | <u>676,977</u>      | <u>604,225</u>       | <u>72,752</u>        |
| Total Community Environment                                  | <u>3,644,156</u>    | <u>3,644,156</u>    | <u>3,401,954</u>     | <u>242,202</u>       |
| Total Expenditures   | <u>27,690,407</u>   | <u>28,577,782</u>   | <u>24,818,376</u>    | <u>3,759,406</u>     |
| Excess (deficiency) of revenues<br>over (under) expenditures | <u>(6,789,116)</u>  | <u>(4,176,491)</u>  | <u>1,924,867</u>     | <u>6,101,358</u>     |
| <b>Other financing sources (uses)</b>                        |                     |                     |                      |                      |
| Sale of assets   | 6,000               | 6,000               | 10,452               | 4,452                |
| Transfers in   | 309,031             | 309,031             | 302,049              | (6,982)              |
| Transfers out  | -                   | (3,802,049)         | (3,802,049)          | -                    |
| Total other financing sources (uses)                         | <u>315,031</u>      | <u>(3,487,018)</u>  | <u>(3,489,548)</u>   | <u>(2,530)</u>       |
| Net change in fund balance                                   | (6,474,085)         | (7,663,509)         | (1,564,681)          | \$ 6,098,828         |
| Fund balance, beginning of year                              | 11,455,276          | 11,455,276          | 11,455,276           |                      |
| Prior year encumbrances appropriated                         | <u>3,294,282</u>    | <u>3,294,282</u>    | <u>3,294,282</u>     |                      |
| Fund balance, end of year                                    | <u>\$ 8,275,473</u> | <u>\$ 7,086,049</u> | <u>\$ 13,184,877</u> |                      |

**CITY OF HILLIARD, OHIO**

## Schedule of Revenues, Expenditures and Changes in Fund

Balances - Budget and Actual - Budget (Non-GAAP) Basis

Construction Inspection Fund<sup>(1)</sup>

Year Ended December 31, 2017

|                                      | Budgeted Amounts  |                   | Actual            | Variance             |
|--------------------------------------|-------------------|-------------------|-------------------|----------------------|
|                                      | Original          | Final             | Amounts           | From Final<br>Budget |
| <b>Revenues</b>                      |                   |                   |                   |                      |
| Charges for services                 | \$ 440,000        | \$ 440,000        | \$ 634,389        | \$ 194,389           |
| Miscellaneous                        | 5,000             | 5,000             | 1,864             | (3,136)              |
| Total revenues                       | <u>445,000</u>    | <u>445,000</u>    | <u>636,253</u>    | <u>191,253</u>       |
| <b>Expenditures</b>                  |                   |                   |                   |                      |
| Current:                             |                   |                   |                   |                      |
| Community Environment:               |                   |                   |                   |                      |
| Personal services                    | 345,618           | 345,618           | 321,757           | 23,861               |
| Contractual services                 | 537,759           | 537,759           | 472,558           | 65,201               |
| Materials and supplies               | 31,805            | 31,805            | 4,265             | 27,540               |
| Other                                | 15,000            | 15,000            | -                 | 15,000               |
| Total expenditures                   | <u>930,182</u>    | <u>930,182</u>    | <u>798,580</u>    | <u>131,602</u>       |
| Net change in fund balance           | (485,182)         | (485,182)         | (162,327)         | \$ 322,855           |
| Fund balance, beginning of year      | 618,076           | 618,076           | 618,076           |                      |
| Prior year encumbrances appropriated | <u>140,103</u>    | <u>140,103</u>    | <u>140,103</u>    |                      |
| Fund balance, end of year            | <u>\$ 272,997</u> | <u>\$ 272,997</u> | <u>\$ 595,852</u> |                      |

<sup>(1)</sup> For GAAP reporting, this fund is combined with the General Fund.

**CITY OF HILLIARD, OHIO**

## Schedule of Revenues, Expenditures and Changes in Fund

## Balances - Budget and Actual - Budget (Non-GAAP) Basis

Police Benevolent Fund<sup>(1)</sup>

Year Ended December 31, 2017

|                                      | Budgeted Amounts |               | Actual          | Variance          |
|--------------------------------------|------------------|---------------|-----------------|-------------------|
|                                      | Original         | Final         | Amounts         | From Final Budget |
| <b>Revenues</b>                      |                  |               |                 |                   |
| Charges for services                 | \$ 5,000         | \$ 12,000     | \$ 11,374       | \$ (626)          |
| Miscellaneous                        | 10,000           | 10,000        | 10,606          | 606               |
| Total revenues                       | 15,000           | 22,000        | 21,980          | (20)              |
| <b>Expenditures</b>                  |                  |               |                 |                   |
| Current:                             |                  |               |                 |                   |
| Security of Persons and Property:    |                  |               |                 |                   |
| Contractual services                 | 1,329            | 31,329        | 24,929          | 6,400             |
| Materials and supplies               | 3,610            | 24,210        | 23,412          | 798               |
| Other                                | 74               | 74            | -               | 74                |
| Total expenditures                   | 5,013            | 55,613        | 48,341          | 7,272             |
| Net change in fund balance           | 9,987            | (33,613)      | (26,361)        | \$ 7,252          |
| Fund balance, beginning of year      | 29,047           | 29,047        | 29,047          |                   |
| Prior year encumbrances appropriated | 5,013            | 5,013         | 5,013           |                   |
| Fund balance, end of year            | <u>\$ 44,047</u> | <u>\$ 447</u> | <u>\$ 7,699</u> |                   |

<sup>(1)</sup> For GAAP reporting, this fund is combined with the General Fund.



**CITY OF HILLIARD, OHIO**

## Schedule of Revenues, Expenditures and Changes in Fund

Balances - Budget and Actual - Budget (Non-GAAP) Basis

Street Maintenance and Repair Fund

Year Ended December 31, 2017

|                                      | <u>Budgeted Amounts</u> |                   | <u>Actual</u>       | <u>Variance</u>   |
|--------------------------------------|-------------------------|-------------------|---------------------|-------------------|
|                                      | <u>Original</u>         | <u>Final</u>      | <u>Amounts</u>      | <u>From Final</u> |
|                                      |                         |                   |                     | <u>Budget</u>     |
| <b>Revenues</b>                      |                         |                   |                     |                   |
| Intergovernmental                    | \$ 1,350,500            | \$ 1,350,500      | \$ 1,516,279        | \$ 165,779        |
| Investment income                    | 600                     | 600               | 9,415               | 8,815             |
| Miscellaneous                        | <u>40,000</u>           | <u>40,000</u>     | <u>47,171</u>       | <u>7,171</u>      |
| Total revenues                       | <u>1,391,100</u>        | <u>1,391,100</u>  | <u>1,572,865</u>    | <u>181,765</u>    |
| <b>Expenditures</b>                  |                         |                   |                     |                   |
| Current:                             |                         |                   |                     |                   |
| Transportation:                      |                         |                   |                     |                   |
| Personal services                    | 798,175                 | 798,175           | 672,735             | 125,440           |
| Contractual services                 | 379,004                 | 379,004           | 331,525             | 47,479            |
| Materials and supplies               | <u>1,135,398</u>        | <u>1,135,398</u>  | <u>712,065</u>      | <u>423,333</u>    |
| Total expenditures                   | <u>2,312,577</u>        | <u>2,312,577</u>  | <u>1,716,325</u>    | <u>596,252</u>    |
| Net change in fund balance           | (921,477)               | (921,477)         | (143,460)           | \$ 778,017        |
| Fund balance, beginning of year      | 746,737                 | 746,737           | 746,737             |                   |
| Prior year encumbrances appropriated | <u>619,378</u>          | <u>619,378</u>    | <u>619,378</u>      |                   |
| Fund balance, end of year            | <u>\$ 444,638</u>       | <u>\$ 444,638</u> | <u>\$ 1,222,655</u> |                   |

**CITY OF HILLIARD, OHIO**

Schedule of Revenues, Expenditures and Changes in Fund  
Balances - Budget and Actual - Budget (Non-GAAP) Basis  
Street Improvement Municipal Tax Fund  
Year Ended December 31, 2017

|                                      | Budgeted Amounts    |                     | Actual              | Variance             |
|--------------------------------------|---------------------|---------------------|---------------------|----------------------|
|                                      | Original            | Final               | Amounts             | From Final<br>Budget |
| <b>Revenues</b>                      |                     |                     |                     |                      |
| Municipal income taxes               | \$ 2,581,223        | \$ 2,581,223        | \$ 2,953,714        | \$ 372,491           |
| Miscellaneous                        | -                   | -                   | 2,480               | 2,480                |
| Total revenues                       | <u>2,581,223</u>    | <u>2,581,223</u>    | <u>2,956,194</u>    | <u>374,971</u>       |
| <b>Expenditures</b>                  |                     |                     |                     |                      |
| Current:                             |                     |                     |                     |                      |
| General Government:                  |                     |                     |                     |                      |
| Contractual services                 | 74,000              | 74,000              | 59,188              | 14,812               |
| Other                                | 100,000             | 236,875             | 223,407             | 13,468               |
| Total General Government             | <u>174,000</u>      | <u>310,875</u>      | <u>282,595</u>      | <u>28,280</u>        |
| Transportation:                      |                     |                     |                     |                      |
| Contractual services                 | 979,973             | 979,973             | 920,276             | 59,697               |
| Capital outlay                       | <u>2,228,770</u>    | <u>2,228,770</u>    | <u>2,188,453</u>    | <u>40,317</u>        |
| Total Transportation                 | <u>3,208,743</u>    | <u>3,208,743</u>    | <u>3,108,729</u>    | <u>100,014</u>       |
| Debt Service                         | <u>300,000</u>      | <u>300,000</u>      | <u>299,950</u>      | <u>50</u>            |
| Total expenditures                   | <u>3,682,743</u>    | <u>3,819,618</u>    | <u>3,691,274</u>    | <u>128,344</u>       |
| Net change in fund balance           | (1,101,520)         | (1,238,395)         | (735,080)           | \$ 503,315           |
| Fund balance, beginning of year      | 1,829,750           | 1,829,750           | 1,829,750           |                      |
| Prior year encumbrances appropriated | <u>527,743</u>      | <u>527,743</u>      | <u>527,743</u>      |                      |
| Fund balance, end of year            | <u>\$ 1,255,973</u> | <u>\$ 1,119,098</u> | <u>\$ 1,622,413</u> |                      |

**CITY OF HILLIARD, OHIO**

## Schedule of Revenues, Expenditures and Changes in Fund

Balances - Budget and Actual - Budget (Non-GAAP) Basis

Water and Sewer Revenue Fund

Year Ended December 31, 2017

|                                      | Budgeted Amounts  |                   | Actual              | Variance             |
|--------------------------------------|-------------------|-------------------|---------------------|----------------------|
|                                      | Original          | Final             | Amounts             | From Final<br>Budget |
| <b>Revenues</b>                      |                   |                   |                     |                      |
| Charges for services                 | \$ 1,920,000      | \$ 1,920,000      | \$ 1,794,864        | \$ (125,136)         |
| Miscellaneous                        | 150,000           | 150,000           | 9,756               | (140,244)            |
| Total revenues                       | <u>2,070,000</u>  | <u>2,070,000</u>  | <u>1,804,620</u>    | <u>(265,380)</u>     |
| <b>Expenditures</b>                  |                   |                   |                     |                      |
| Current:                             |                   |                   |                     |                      |
| Basic Utility Services:              |                   |                   |                     |                      |
| Personal services                    | 1,327,723         | 1,327,723         | 1,167,881           | 159,842              |
| Contractual services                 | 651,126           | 651,126           | 402,926             | 248,200              |
| Materials and supplies               | 192,335           | 192,335           | 130,622             | 61,713               |
| Capital outlay                       | 808,587           | 808,587           | 489,963             | 318,624              |
| Utilities                            | 116,570           | 116,570           | 106,810             | 9,760                |
| Other                                | 10,000            | 10,000            | -                   | 10,000               |
| Total Basic Utility Services         | <u>3,106,341</u>  | <u>3,106,341</u>  | <u>2,298,202</u>    | <u>808,139</u>       |
| Debt Service                         | <u>290,000</u>    | <u>290,000</u>    | <u>289,817</u>      | <u>183</u>           |
| Total expenditures                   | <u>3,396,341</u>  | <u>3,396,341</u>  | <u>2,588,019</u>    | <u>808,322</u>       |
| Net change in fund balance           | (1,326,341)       | (1,326,341)       | (783,399)           | \$ 542,942           |
| Fund balance, beginning of year      | 1,370,313         | 1,370,313         | 1,370,313           |                      |
| Prior year encumbrances appropriated | 598,215           | 598,215           | 598,215             |                      |
| Fund balance, end of year            | <u>\$ 642,187</u> | <u>\$ 642,187</u> | <u>\$ 1,185,129</u> |                      |

**CITY OF HILLIARD, OHIO**

## Schedule of Revenues, Expenditures and Changes in Fund

Balances - Budget and Actual - Budget (Non-GAAP) Basis

TIF Fund

Year Ended December 31, 2017

|                                      | Budgeted Amounts    |                     | Actual              | Variance             |
|--------------------------------------|---------------------|---------------------|---------------------|----------------------|
|                                      | Original            | Final               | Amounts             | From Final<br>Budget |
| <b>Revenues</b>                      |                     |                     |                     |                      |
| Payment in lieu of taxes             | \$ -                | \$ 4,460,000        | \$ 7,201,942        | \$ 2,741,942         |
| Intergovernmental                    | -                   | 227,000             | 220,072             | (6,928)              |
| Total revenues                       | -                   | 4,687,000           | 7,422,014           | 2,735,014            |
| <b>Expenditures</b>                  |                     |                     |                     |                      |
| Current:                             |                     |                     |                     |                      |
| General Government:                  |                     |                     |                     |                      |
| Other                                | -                   | 1,638,300           | 1,633,350           | 4,950                |
| Total General Government             | -                   | 1,638,300           | 1,633,350           | 4,950                |
| Transportation:                      |                     |                     |                     |                      |
| Contractual services                 | 4,118               | 4,118               | 4,118               | -                    |
| Other                                | -                   | 2,676,500           | 2,675,242           | 1,258                |
| Total Transportation                 | 4,118               | 2,680,618           | 2,679,360           | 1,258                |
| Debt Service                         | 1,500,000           | 1,939,000           | 1,938,269           | 731                  |
| Total expenditures                   | 1,504,118           | 6,257,918           | 6,250,979           | 6,939                |
| Net change in fund balance           | (1,504,118)         | (1,570,918)         | 1,171,035           | \$ 2,741,953         |
| Fund balance, beginning of year      | 2,990,484           | 2,990,484           | 2,990,484           |                      |
| Prior year encumbrances appropriated | 4,117               | 4,117               | 4,117               |                      |
| Fund balance, end of year            | <u>\$ 1,490,483</u> | <u>\$ 1,423,683</u> | <u>\$ 4,165,636</u> |                      |

**CITY OF HILLIARD, OHIO**

## Schedule of Revenues, Expenditures and Changes in Fund

Balances - Budget and Actual - Budget (Non-GAAP) Basis

Capital Improvement Municipal Tax Fund

Year Ended December 31, 2017

|  | Budgeted Amounts    |                     | Actual              | Variance             |
|--|---------------------|---------------------|---------------------|----------------------|
|  | Original            | Final               | Amounts             | From Final<br>Budget |
| <b>Revenues</b>                        |                     |                     |                     |                      |
| Municipal income taxes                 | \$ 6,328,058        | \$ 6,328,058        | \$ 7,384,285        | \$ 1,056,227         |
| Intergovernmental                      | -                   | 2,000,000           | 23,123              | (1,976,877)          |
| Licenses and permits                   | -                   | 936,000             | 422,000             | (514,000)            |
| Miscellaneous                          | 12,000              | 12,000              | 35,800              | 23,800               |
| Total revenues                         | <u>6,340,058</u>    | <u>9,276,058</u>    | <u>7,865,208</u>    | <u>(1,410,850)</u>   |
| <b>Expenditures</b>                    |                     |                     |                     |                      |
| Current:                               |                     |                     |                     |                      |
| General Government:                    |                     |                     |                     |                      |
| Contractual services                   | 478,348             | 379,998             | 290,102             | 89,896               |
| Capital outlay                         | 1,115,529           | 1,213,879           | 1,016,338           | 197,541              |
| Other                                  | 200,000             | 1,409,750           | 1,389,013           | 20,737               |
| Total General Government               | <u>1,793,877</u>    | <u>3,003,627</u>    | <u>2,695,453</u>    | <u>308,174</u>       |
| Security of Persons and Property:      |                     |                     |                     |                      |
| Capital outlay                         | <u>339,901</u>      | <u>339,901</u>      | <u>312,550</u>      | <u>27,351</u>        |
| Total Security of Persons and Property | <u>339,901</u>      | <u>339,901</u>      | <u>312,550</u>      | <u>27,351</u>        |
| Leisure Time Activities:               |                     |                     |                     |                      |
| Capital outlay                         | <u>3,781,220</u>    | <u>4,211,820</u>    | <u>3,378,503</u>    | <u>833,317</u>       |
| Total Leisure Time Activities          | <u>3,781,220</u>    | <u>4,211,820</u>    | <u>3,378,503</u>    | <u>833,317</u>       |
| Community Environment:                 |                     |                     |                     |                      |
| Capital outlay                         | <u>2,856,056</u>    | <u>756,056</u>      | <u>584,207</u>      | <u>171,849</u>       |
| Total Community Environment            | <u>2,856,056</u>    | <u>756,056</u>      | <u>584,207</u>      | <u>171,849</u>       |
| Basic Utility Services:                |                     |                     |                     |                      |
| Contractual services                   | 394,503             | 394,503             | 124,035             | 270,468              |
| Capital outlay                         | <u>2,838,911</u>    | <u>2,838,911</u>    | <u>1,565,394</u>    | <u>1,273,517</u>     |
| Total Basic Utility Services           | <u>3,233,414</u>    | <u>3,233,414</u>    | <u>1,689,429</u>    | <u>1,543,985</u>     |
| Transportation:                        |                     |                     |                     |                      |
| Contractual services                   | 634,191             | 634,191             | 75,972              | 558,219              |
| Capital outlay                         | <u>3,739,873</u>    | <u>5,739,873</u>    | <u>5,686,014</u>    | <u>53,859</u>        |
| Total Transportation                   | <u>\$ 4,374,064</u> | <u>\$ 6,374,064</u> | <u>\$ 5,761,986</u> | <u>\$ 612,078</u>    |

(continued)

**CITY OF HILLIARD, OHIO**

## Schedule of Revenues, Expenditures and Changes in Fund

Balances - Budget and Actual - Budget (Non-GAAP) Basis

Capital Improvement Municipal Tax Fund

Year Ended December 31, 2017

*(concluded)*

|   | Budgeted Amounts |               | Actual        | Variance     |
|---|------------------|---------------|---------------|--------------|
|   | Original         | Final         | Amounts       | From Final   |
|   |                  |               |               | Budget       |
| Debt Service                              | \$ 4,200,000     | \$ 10,809,000 | \$ 10,804,033 | \$ 4,967     |
| Total expenditures                        | 20,578,532       | 28,727,882    | 25,226,161    | 3,501,721    |
| Deficiency of revenues under expenditures | (14,238,474)     | (19,451,824)  | (17,360,953)  | 2,090,871    |
| <b>Other financing sources</b>            |                  |               |               |              |
| Sale of assets                            | -                | -             | 700           | 700          |
| Issuance of bonds                         | -                | 4,655,000     | 4,655,000     | -            |
| Premiums                                  | -                | 453,700       | 453,669       | (31)         |
| Transfers in                              | 3,500,000        | 3,500,000     | 3,500,000     | -            |
| Total other financing sources             | 3,500,000        | 8,608,700     | 8,609,369     | 669          |
| Net change in fund balance                | (10,738,474)     | (10,843,124)  | (8,751,584)   | \$ 2,091,540 |
| Fund balance, beginning of year           | 7,746,791        | 7,746,791     | 7,746,791     |              |
| Prior year encumbrances appropriated      | 3,321,223        | 3,321,223     | 3,321,223     |              |
| Fund balance, end of year                 | \$ 329,540       | \$ 224,890    | \$ 2,316,430  |              |

# CITY OF HILLIARD, OHIO

## Nonmajor Fund Descriptions

### SPECIAL REVENUE FUNDS

The Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditure for specified purposes. The following are descriptions of each Special Revenue Fund:

The **County Municipal Motor Vehicle Tax Fund** accounts for funds received from the City's permissive motor vehicle license tax and from the County's permissive motor vehicle license tax restricted for use of maintaining certain roadways within the City.

The **Park Maintenance Fund** accounts for public use fees collected on all lots developed in the City and the expenditures for all park maintenance, repair, and upkeep.

The **Police Fund** accounts for financial resources used to educate and treat persons with alcohol-related problems, to enhance law enforcement activities as a deterrent to the operation of motor vehicles while under the influence of alcohol, to account for mandatory drug fines, and to account for proceeds received from the sale of property received as a result of the Safety Department's participation in drug investigations or confiscated during drug-related arrests.

The **Mayor's Court Computer Fund** accounts for court fees to be used to maintain and upgrade the computer system in the Mayor's Court.

The **General Government Grants Fund** accounts for revenue and expenditures related to grants received from various sources.

The **Heritage Trail Dog Park Fund** accounts for the receipt and expenditure of donations for the construction of the Heritage Trail Dog Park.

The **Storm Water Utility Fund** accounts for storm water utility fees which are used to maintain and upgrade the storm water drainage systems.

# **CITY OF HILLIARD, OHIO**

## **Nonmajor Fund Descriptions**

### **AGENCY FUNDS**

Agency funds are used to account for assets held in a custodial capacity for individuals, private organizations, and other governmental units.

The **Mayor's Court Fund** accounts for the collection and distribution of court fines and forfeitures.

The **Escrow Fund** accounts for the collection and distribution of charges for plumbing and electrical inspections provided by the City of Columbus, Franklin County Board of Health, and electrical contractors. This fund also accounts for the collection and remittance of sewer capacity charges and public service department deposits.



**CITY OF HILLIARD, OHIO**  
Combining Balance Sheet  
Nonmajor Governmental Funds  
December 31, 2017

|  | Special Revenue Funds                    |                     |            |                              |                                 |                               |                           | Total                             |
|--|--|---------------------|------------|------------------------------|---------------------------------|-------------------------------|---------------------------|-----------------------------------|
|  | County<br>Municipal Motor<br>Vehicle Tax | Park<br>Maintenance | Police     | Mayor's<br>Court<br>Computer | General<br>Government<br>Grants | Heritage<br>Trail Dog<br>Park | Storm<br>Water<br>Utility | Nonmajor<br>Governmental<br>Funds |
| <b>Assets</b>  |  |                     |            |                              |                                 |                               |                           |                                   |
| Equity in pooled cash and cash equivalents                         | \$ 541,771                               | \$ 316,217          | \$ 41,673  | \$ 51,862                    | \$ -                            | \$ 100                        | \$ 679,467                | \$ 1,631,090                      |
| Receivables:   |  |                     |            |                              |                                 |                               |                           |                                   |
| Accounts   | -  | -                   | 87,938     | -                            | -                               | -                             | 48,389                    | 136,327                           |
| Due from other governments   | 120,718                                  | -                   | -          | -                            | -                               | -                             | -                         | 120,718                           |
| Total assets   | \$ 662,489                               | \$ 316,217          | \$ 129,611 | \$ 51,862                    | \$ -                            | \$ 100                        | \$ 727,856                | \$ 1,888,135                      |
| <b>Liabilities</b>   |  |                     |            |                              |                                 |                               |                           |                                   |
| Accounts payable   | \$ 123,844                               | \$ 151,204          | \$ -       | \$ -                         | \$ 10,828                       | \$ -                          | \$ 4,427                  | \$ 290,303                        |
| Due to other funds   | -  | -                   | -          | -                            | -                               | -                             | 27,859                    | 27,859                            |
| Interfund payable  | -  | -                   | -          | -                            | 188,885                         | -                             | -                         | 188,885                           |
| Accrued wages payable  | -  | -                   | -          | -                            | -                               | -                             | 10,033                    | 10,033                            |
| Matured compensated absences                                       | -  | -                   | -          | -                            | -                               | -                             | 4,742                     | 4,742                             |
| Due to other governments   | -  | -                   | -          | -                            | -                               | -                             | 7,347                     | 7,347                             |
| Total liabilities  | 123,844                                  | 151,204             | -          | -                            | 199,713                         | -                             | 54,408                    | 529,169                           |
| <b>Deferred Inflows of Resources</b>                               |  |                     |            |                              |                                 |                               |                           |                                   |
| Unavailable revenue  | 79,510                                   | -                   | -          | -                            | -                               | -                             | -                         | 79,510                            |
| Total deferred inflows of resources                                | 79,510                                   | -                   | -          | -                            | -                               | -                             | -                         | 79,510                            |
| <b>Fund balances</b>   |  |                     |            |                              |                                 |                               |                           |                                   |
| Restricted   | 459,135                                  | -                   | 129,611    | 51,862                       | -                               | -                             | -                         | 640,608                           |
| Committed  | -  | 165,013             | -          | -                            | -                               | 100                           | 673,448                   | 838,561                           |
| Unassigned (deficit)   | -  | -                   | -          | -                            | (199,713)                       | -                             | -                         | (199,713)                         |
| Total fund balances  | 459,135                                  | 165,013             | 129,611    | 51,862                       | (199,713)                       | 100                           | 673,448                   | 1,279,456                         |
| Total liabilities, deferred inflows of resources and fund balances | \$ 662,489                               | \$ 316,217          | \$ 129,611 | \$ 51,862                    | \$ -                            | \$ 100                        | \$ 727,856                | \$ 1,888,135                      |

**CITY OF HILLIARD, OHIO**

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Governmental Funds

Year Ended December 31, 2017

|                                  | Special Revenue Funds                    |                     |            |                              |                                 |                               |                           | Total                             |
|----------------------------------|--|---------------------|------------|------------------------------|---------------------------------|-------------------------------|---------------------------|-----------------------------------|
|                                  | County<br>Municipal Motor<br>Vehicle Tax | Park<br>Maintenance | Police     | Mayor's<br>Court<br>Computer | General<br>Government<br>Grants | Heritage<br>Trail Dog<br>Park | Storm<br>Water<br>Utility | Nonmajor<br>Governmental<br>Funds |
| <b>Revenues</b>                  |  |                     |            |                              |                                 |                               |                           |                                   |
| Intergovernmental                | \$ 2,494,732                             | \$ -                | \$ -       | \$ -                         | \$ 621,114                      | \$ -                          | \$ -                      | \$ 3,115,846                      |
| Charges for services             | -  | 273,403             | -          | -                            | -                               | -                             | 1,056,721                 | 1,330,124                         |
| Licenses and permits             | -  | 112,930             | -          | -                            | -                               | -                             | -                         | 112,930                           |
| Fines and forfeitures            | -  | -                   | 127,111    | 15,581                       | -                               | -                             | -                         | 142,692                           |
| Investment income                | 3,266                                    | -                   | 103        | -                            | -                               | -                             | -                         | 3,369                             |
| Miscellaneous                    | -  | 318                 | -          | -                            | -                               | -                             | 23,652                    | 23,970                            |
| Total Revenues                   | 2,497,998                                | 386,651             | 127,214    | 15,581                       | 621,114                         | -                             | 1,080,373                 | 4,728,931                         |
| <b>Expenditures</b>              |  |                     |            |                              |                                 |                               |                           |                                   |
| Current:                         |  |                     |            |                              |                                 |                               |                           |                                   |
| General government               | -  | -                   | -          | 20,963                       | -                               | -                             | -                         | 20,963                            |
| Security of persons and property | -  | -                   | 15,773     | -                            | 80,220                          | -                             | -                         | 95,993                            |
| Leisure time activities          | -  | 920,058             | -          | -                            | 62,964                          | -                             | -                         | 983,022                           |
| Basic utility services           | -  | -                   | -          | -                            | -                               | -                             | 707,289                   | 707,289                           |
| Transportation                   | 2,752,692                                | -                   | -          | -                            | 40,000                          | -                             | -                         | 2,792,692                         |
| Total expenditures               | 2,752,692                                | 920,058             | 15,773     | 20,963                       | 183,184                         | -                             | 707,289                   | 4,599,959                         |
| Net change in fund balances      | (254,694)                                | (533,407)           | 111,441    | (5,382)                      | 437,930                         | -                             | 373,084                   | 128,972                           |
| Fund balance, beginning of year  | 713,829                                  | 698,420             | 18,170     | 57,244                       | (637,643)                       | 100                           | 300,364                   | 1,150,484                         |
| Fund balance, end of year        | \$ 459,135                               | \$ 165,013          | \$ 129,611 | \$ 51,862                    | \$ (199,713)                    | \$ 100                        | \$ 673,448                | \$ 1,279,456                      |

**CITY OF HILLIARD, OHIO**

## Schedule of Revenues, Expenditures and Changes in Fund

Balances - Budget and Actual - Budget (Non-GAAP) Basis

County Municipal Motor Vehicle Tax Fund

Year Ended December 31, 2017

|                                      | Final<br>Budgeted<br>Amounts | Actual<br>Amounts | Variance<br>From Final<br>Budget |
|--------------------------------------|------------------------------|-------------------|----------------------------------|
| <b>Revenues</b>                      |                              |                   |                                  |
| Intergovernmental                    | \$ 2,330,000                 | \$ 2,492,883      | \$ 162,883                       |
| Investment income                    | 200                          | 3,266             | 3,066                            |
| Total revenues                       | <u>2,330,200</u>             | <u>2,496,149</u>  | <u>165,949</u>                   |
| <b>Expenditures</b>                  |                              |                   |                                  |
| Current:                             |                              |                   |                                  |
| Transportation:                      |                              |                   |                                  |
| Contractual services                 | 223,917                      | 193,222           | 30,695                           |
| Materials and supplies               | 130,657                      | 61,409            | 69,248                           |
| Capital outlay                       | <u>2,600,000</u>             | <u>2,600,000</u>  | -                                |
| Total expenditures                   | <u>2,954,574</u>             | <u>2,854,631</u>  | <u>99,943</u>                    |
| Net change in fund balance           | (624,374)                    | (358,482)         | \$ 265,892                       |
| Fund balance, beginning of year      | 570,085                      | 570,085           |                                  |
| Prior year encumbrances appropriated | <u>114,573</u>               | <u>114,573</u>    |                                  |
| Fund balance, end of year            | <u>\$ 60,284</u>             | <u>\$ 326,176</u> |                                  |

**CITY OF HILLIARD, OHIO**

## Schedule of Revenues, Expenditures and Changes in Fund

Balances - Budget and Actual - Budget (Non-GAAP) Basis

Park Maintenance Fund

Year Ended December 31, 2017

|   | Final<br>Budgeted<br>Amounts | Actual<br>Amounts | Variance<br>From Final<br>Budget |
|---|------------------------------|-------------------|----------------------------------|
| <b>Revenues</b>                             |                              |                   |                                  |
| Intergovernmental                           | \$ 398,000                   | \$ -              | \$ (398,000)                     |
| Charges for services                        | 402,000                      | 273,403           | (128,597)                        |
| Licenses and permits                        | 100,000                      | 112,930           | 12,930                           |
| Miscellaneous                               | -                            | 318               | 318                              |
| Total revenues                              | <u>900,000</u>               | <u>386,651</u>    | <u>(513,349)</u>                 |
| <b>Expenditures</b>                         |                              |                   |                                  |
| Current:                                    |                              |                   |                                  |
| Leisure Time Activities:                    |                              |                   |                                  |
| Contractual services                        | 25,300                       | 25,300            | -                                |
| Materials and supplies                      | 10,000                       | 9,042             | 958                              |
| Capital outlay                              | 258,975                      | 237,928           | 21,047                           |
| Transportation:                             |                              |                   |                                  |
| Capital outlay                              | <u>785,620</u>               | <u>785,620</u>    | <u>-</u>                         |
| Total expenditures                          | <u>1,079,895</u>             | <u>1,057,890</u>  | <u>22,005</u>                    |
| Deficiencies of revenues under expenditures | <u>(179,895)</u>             | <u>(671,239)</u>  | <u>(491,344)</u>                 |
| <b>Other financing sources</b>              |                              |                   |                                  |
| Issuance of debt                            | <u>234,250</u>               | <u>-</u>          | <u>(234,250)</u>                 |
| Total other financing sources               | <u>234,250</u>               | <u>-</u>          | <u>(234,250)</u>                 |
| Net change in fund balance                  | 54,355                       | (671,239)         | \$ (725,594)                     |
| Fund balance, beginning of year             | 414,442                      | 414,442           |                                  |
| Prior year encumbrances appropriated        | <u>300,295</u>               | <u>300,295</u>    |                                  |
| Fund balance, end of year                   | <u>\$ 769,092</u>            | <u>\$ 43,498</u>  |                                  |

**CITY OF HILLIARD, OHIO**

## Schedule of Revenues, Expenditures and Changes in Fund

Balances - Budget and Actual - Budget (Non-GAAP) Basis

Police Fund

Year Ended December 31, 2017

|                                      | Final<br>Budgeted<br>Amounts | Actual<br>Amounts | Variance<br>From Final<br>Budget |
|--------------------------------------|------------------------------|-------------------|----------------------------------|
| <b>Revenues</b>                      |                              |                   |                                  |
| Fines and forfeitures                | \$ 20,050                    | \$ 39,173         | \$ 19,123                        |
| Investment income                    | -                            | 103               | 103                              |
| Total revenues                       | <u>20,050</u>                | <u>39,276</u>     | <u>19,226</u>                    |
| <b>Expenditures</b>                  |                              |                   |                                  |
| Current:                             |                              |                   |                                  |
| Security of Persons and Property:    |                              |                   |                                  |
| Contractual services                 | 2,000                        | 2,000             | -                                |
| Materials and supplies               | 379                          | -                 | 379                              |
| Other                                | <u>57,593</u>                | <u>56,786</u>     | <u>807</u>                       |
| Total expenditures                   | <u>59,972</u>                | <u>58,786</u>     | <u>1,186</u>                     |
| <br>Net change in fund balance       | (39,922)                     | (19,510)          | \$ 20,412                        |
| <br>Fund balance, beginning of year  | 16,756                       | 16,756            |                                  |
| Prior year encumbrances appropriated | <u>42,672</u>                | <u>42,672</u>     |                                  |
| Fund balance, end of year            | <u>\$ 19,506</u>             | <u>\$ 39,918</u>  |                                  |

**CITY OF HILLIARD, OHIO**

## Schedule of Revenues, Expenditures and Changes in Fund

Balances - Budget and Actual - Budget (Non-GAAP) Basis

Mayor's Court Computer Fund

Year Ended December 31, 2017

|                                      | <u>Final<br/>Budgeted<br/>Amounts</u> | <u>Actual<br/>Amounts</u> | <u>Variance<br/>From Final<br/>Budget</u> |
|--------------------------------------|---------------------------------------|---------------------------|---|
| <b>Revenues</b>                      |                                       |                           |   |
| Fines and forfeitures                | <u>\$      20,000</u>                 | <u>\$      15,581</u>     | <u>\$      (4,419)</u>                    |
| <b>Expenditures</b>                  |                                       |                           |   |
| Current:                             |                                       |                           |   |
| General Government:                  |                                       |                           |   |
| Contractual services                 | 15,000                                | 10,000                    | 5,000                                     |
| Materials and supplies               | 27,915                                | 22,660                    | 5,255                                     |
| Capital outlay                       | <u>24,585</u>                         | <u>4,586</u>              | <u>19,999</u>                             |
| Total expenditures                   | <u>67,500</u>                         | <u>37,246</u>             | <u>30,254</u>                             |
| <br>Net change in fund balance       | <br>(47,500)                          | <br>(21,665)              | <br>\$      25,835                        |
| <br>Fund balance, beginning of year  | <br>44,499                            | <br>44,499                |   |
| Prior year encumbrances appropriated | <u>14,501</u>                         | <u>14,501</u>             |   |
| Fund balance, end of year            | <u>\$      11,500</u>                 | <u>\$      37,335</u>     |   |

**CITY OF HILLIARD, OHIO**

Schedule of Revenues, Expenditures and Changes in Fund

Balances - Budget and Actual - Budget (Non-GAAP) Basis

General Government Grants Fund

Year Ended December 31, 2017

|  | Final<br>Budgeted<br>Amounts | Actual<br>Amounts | Variance<br>From Final<br>Budget |
|--|------------------------------|-------------------|----------------------------------|
| <b>Revenues</b>                        |                              |                   |                                  |
| Intergovernmental                      | \$ 830,000                   | \$ 621,114        | \$ (208,886)                     |
| <b>Expenditures</b>                    |                              |                   |                                  |
| Current:                               |                              |                   |                                  |
| Security of Persons and Property:      |                              |                   |                                  |
| Contractual services                   | 84,263                       | 80,220            | 4,043                            |
| Total Security of Persons and Property | 84,263                       | 80,220            | 4,043                            |
| Leisure Time Activities:               |                              |                   |                                  |
| Capital outlay                         | 62,964                       | 62,964            | -                                |
| Total Leisure Time Activities          | 62,964                       | 62,964            | -                                |
| Transportation:                        |                              |                   |                                  |
| Contractual services                   | 43,850                       | 40,000            | 3,850                            |
| Total Transportation:                  | 43,850                       | 40,000            | 3,850                            |
| Total expenditures                     | 191,077                      | 183,184           | 7,893                            |
| Net change in fund balance             | 638,923                      | 437,930           | \$ (200,993)                     |
| Fund balance, beginning of year        | (748,220)                    | (748,220)         |                                  |
| Prior year encumbrances appropriated   | 110,577                      | 110,577           |                                  |
| Fund balance, end of year              | \$ 1,280                     | \$ (199,713)      |                                  |

**CITY OF HILLIARD, OHIO**

## Schedule of Revenues, Expenditures and Changes in Fund

Balances - Budget and Actual - Budget (Non-GAAP) Basis

Heritage Trail Dog Park Fund

Year Ended December 31, 2017

|                                 | <u>Final<br/>Budgeted<br/>Amounts</u> | <u>Actual<br/>Amounts</u> | <u>Variance<br/>From Final<br/>Budget</u> |
|---------------------------------|---------------------------------------|---------------------------|---|
| <b>Revenues</b>                 |                                       |                           |   |
| Miscellaneous                   | \$ 1,000                              | \$ -                      | \$ (1,000)                                |
| Net change in fund balance      | 1,000                                 | -                         | \$ (1,000)                                |
| Fund balance, beginning of year | <u>100</u>                            | <u>100</u>                |   |
| Fund balance, end of year       | <u>\$ 1,100</u>                       | <u>\$ 100</u>             |   |



**CITY OF HILLIARD, OHIO**

## Schedule of Revenues, Expenditures and Changes in Fund

Balances - Budget and Actual - Budget (Non-GAAP) Basis

Storm Water Utility Fund

Year Ended December 31, 2017

|                                      | Final<br>Budgeted<br>Amounts | Actual<br>Amounts | Variance<br>From Final<br>Budget |
|--------------------------------------|------------------------------|-------------------|----------------------------------|
| <b>Revenues</b>                      |                              |                   |                                  |
| Charges of services                  | \$ 1,018,800                 | \$ 1,049,738      | \$ 30,938                        |
| Miscellaneous                        | 100,000                      | 23,652            | (76,348)                         |
| Total revenues                       | <u>1,118,800</u>             | <u>1,073,390</u>  | <u>(45,410)</u>                  |
| <b>Expenditures</b>                  |                              |                   |                                  |
| Current:                             |                              |                   |                                  |
| Basic Utility Services:              |                              |                   |                                  |
| Personal services                    | 655,023                      | 569,241           | 85,782                           |
| Contractual services                 | 565,271                      | 271,272           | 293,999                          |
| Materials and supplies               | 24,391                       | 19,589            | 4,802                            |
| Total expenditures                   | <u>1,244,685</u>             | <u>860,102</u>    | <u>384,583</u>                   |
| Net change in fund balance           | (125,885)                    | 213,288           | \$ 339,173                       |
| Fund balance, beginning of year      | 41,650                       | 41,650            |                                  |
| Prior year encumbrances appropriated | <u>275,159</u>               | <u>275,159</u>    |                                  |
| Fund balance, end of year            | <u>\$ 190,924</u>            | <u>\$ 530,097</u> |                                  |

**CITY OF HILLIARD, OHIO**

## Combining Statement of Fiduciary Assets and Liabilities

Agency Funds

December 31, 2017

|  | Mayor's<br>Court | Escrow            | Total             |
|--|------------------|-------------------|-------------------|
| <b>Assets</b>                                    |                  |                   |                   |
| Equity in pooled cash and cash equivalents       | \$ -             | \$ 420,420        | \$ 420,420        |
| Cash and cash equivalents in segregated accounts | 24,732           | -                 | 24,732            |
| Accounts receivable                              | -                | 23,753            | 23,753            |
| Total assets                                     | <u>\$ 24,732</u> | <u>\$ 444,173</u> | <u>\$ 468,905</u> |
| <b>Liabilities</b>                               |                  |                   |                   |
| Due to other governments                         | \$ -             | \$ 404,577        | \$ 404,577        |
| Deposits held and due to others                  | 24,732           | 39,596            | 64,328            |
| Total liabilities                                | <u>\$ 24,732</u> | <u>\$ 444,173</u> | <u>\$ 468,905</u> |

**CITY OF HILLIARD, OHIO**

## Combining Statement of Changes in Fiduciary Assets and Liabilities

## Agency Funds

Year Ended December 31, 2017

|  | Balance<br>January 1,<br>2017 | Additions           | Deductions          | Balance<br>December 31,<br>2017 |
|--|-------------------------------|---------------------|---------------------|---------------------------------|
| <b><u>Mayor's Court</u></b>                      |                               |                     |                     |                                 |
| <b><u>Assets</u></b>                             |                               |                     |                     |                                 |
| Cash and cash equivalents in segregated accounts | \$ 69,960                     | \$ 323,347          | \$ 368,575          | \$ 24,732                       |
| <b><u>Liabilities</u></b>                        |                               |                     |                     |                                 |
| Deposits held and due to others                  | \$ 69,960                     | \$ 323,347          | \$ 368,575          | \$ 24,732                       |
| <b><u>Escrow</u></b>                             |                               |                     |                     |                                 |
| <b><u>Assets</u></b>                             |                               |                     |                     |                                 |
| Equity in pooled cash and cash equivalents       | \$ 535,550                    | \$ 3,208,084        | \$ 3,323,214        | \$ 420,420                      |
| Accounts receivable                              | 12,981                        | 23,753              | 12,981              | 23,753                          |
| Total assets                                     | <u>\$ 548,531</u>             | <u>\$ 3,231,837</u> | <u>\$ 3,336,195</u> | <u>\$ 444,173</u>               |
| <b><u>Liabilities</u></b>                        |                               |                     |                     |                                 |
| Due to other governments                         | \$ 508,935                    | \$ 1,512,868        | \$ 1,617,226        | \$ 404,577                      |
| Deposits held and due to others                  | 39,596                        | 1,718,969           | 1,718,969           | 39,596                          |
| Total liabilities                                | <u>\$ 548,531</u>             | <u>\$ 3,231,837</u> | <u>\$ 3,336,195</u> | <u>\$ 444,173</u>               |
| <b><u>Total - All Agency Funds</u></b>           |                               |                     |                     |                                 |
| <b><u>Assets</u></b>                             |                               |                     |                     |                                 |
| Equity in pooled cash and cash equivalents       | \$ 535,550                    | \$ 3,208,084        | \$ 3,323,214        | \$ 420,420                      |
| Cash and cash equivalents in segregated accounts | 69,960                        | 323,347             | 368,575             | 24,732                          |
| Accounts receivable                              | 12,981                        | 23,753              | 12,981              | 23,753                          |
| Total assets                                     | <u>\$ 618,491</u>             | <u>\$ 3,555,184</u> | <u>\$ 3,704,770</u> | <u>\$ 468,905</u>               |
| <b><u>Liabilities</u></b>                        |                               |                     |                     |                                 |
| Due to other governments                         | \$ 508,935                    | \$ 1,512,868        | \$ 1,617,226        | \$ 404,577                      |
| Deposits held and due to others                  | 109,556                       | 2,042,316           | 2,087,544           | 64,328                          |
| Total liabilities                                | <u>\$ 618,491</u>             | <u>\$ 3,555,184</u> | <u>\$ 3,704,770</u> | <u>\$ 468,905</u>               |



Real People. Real Possibilities.

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## STATISTICAL SECTION

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Real People. Real Possibilities.

# Statistical Section

This part of the City's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

## Contents

### **Financial Trends**

These schedules contain trend information to help the reader understand how the City's financial position has changed over time. 109-114

### **Revenue Capacity**

These schedules contain information to help the reader understand and assess the factors affecting the City's ability to generate its most significant local revenue sources, the income and property taxes. 115-121

### **Debt Capacity**

These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future. 122-125

### **Economic and Demographic Information**

These schedules offer economic and demographic indicators to help the reader understand the environment within which the City's financial activities take place and to provide information that facilitates comparisons of financial information over time and among governments. 126-127

### **Operating Information**

These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs. 128-130

**Sources:** Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.



Real People. Real Possibilities.



**City of Hilliard, Ohio**  
*Net Position by Component*  
*Last Ten Years*  
*(accrual basis of accounting)*

|   | 2007                  | 2009                  | 2010                  | 2011<br>(restated) <sup>1</sup> | 2012                  | 2013                  | 2014<br>(restated) <sup>2</sup> | 2015                  | 2016                  | 2017                  |
|---|-----------------------|-----------------------|-----------------------|---------------------------------|-----------------------|-----------------------|---------------------------------|-----------------------|-----------------------|-----------------------|
| Governmental Activities:                          |                       |                       |                       |                                 |                       |                       |                                 |                       |                       |                       |
| Net investment in capital assets                  | \$ 194,544,533        | \$ 197,699,834        | \$ 193,490,449        | \$ 191,936,312                  | \$ 184,681,665        | \$ 178,545,386        | \$ 174,263,501                  | \$ 177,988,978        | \$ 185,589,498        | \$ 187,490,079        |
| Restricted  | 11,216,411            | 14,573,975            | 14,458,902            | 9,067,789                       | 8,746,450             | 13,239,396            | 19,459,624                      | 18,372,505            | 16,230,358            | 16,913,151            |
| Unrestricted                                      | 3,990,110             | 3,388,558             | 2,940,978             | 6,906,732                       | 10,226,730            | 13,720,226            | 1,985,909                       | 1,882,523             | 4,325,531             | 4,257,116             |
| <i>Total Governmental Activities Net Position</i> | <i>\$ 209,751,054</i> | <i>\$ 215,662,367</i> | <i>\$ 210,890,329</i> | <i>\$ 207,910,833</i>           | <i>\$ 203,654,845</i> | <i>\$ 205,505,008</i> | <i>\$ 195,709,034</i>           | <i>\$ 198,244,006</i> | <i>\$ 206,145,387</i> | <i>\$ 208,660,346</i> |

<sup>1</sup> Net Position at December 31, 2011 has been restated for a prior period adjustment and adoption of GASB Statement No. 65.

<sup>2</sup> Net Position at December 31, 2014 has been restated for adoption of GASB Statement No. 68.

**City of Hilliard, Ohio**  
*Changes in Net Position*  
*Last Ten Years*  
*(accrual basis of accounting)*

|   | 2008                   | 2009                   | 2010                   | 2011                   | 2012                   | 2013                   | 2014                   | 2015                   | 2016                   | 2017                   |
|---|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|
| <b>Program Revenues:</b>                              |                        |                        |                        |                        |                        |                        |                        |                        |                        |                        |
| Governmental Activities:                              |                        |                        |                        |                        |                        |                        |                        |                        |                        |                        |
| Charges for Services:                                 |                        |                        |                        |                        |                        |                        |                        |                        |                        |                        |
| General Government                                    | \$ 1,375,717           | \$ 1,451,333           | \$ 698,795             | \$ 718,663             | \$ 779,745             | \$ 817,496             | \$ 743,059             | \$ 913,842             | \$ 880,295             | \$ 847,633             |
| Security of Persons and Property                      | 475,615                | 620,598                | 1,032,105              | 974,688                | 1,009,245              | 978,586                | 895,958                | 900,810                | 922,948                | 1,068,701              |
| Leisure Time Activities                               | 912,731                | 933,107                | 942,536                | 1,033,362              | 1,109,563              | 1,453,629              | 1,037,505              | 1,046,213              | 1,309,531              | 1,152,698              |
| Community Environment                                 | 1,008,345              | 596,596                | 1,540,679              | 1,459,453              | 1,920,796              | 2,901,063              | 2,797,942              | 2,784,666              | 3,105,178              | 3,165,149              |
| Basic Utility Services                                | 1,491,249              | 1,018,487              | 1,466,740              | 2,069,699              | 1,954,915              | 2,951,504              | 3,421,040              | 3,159,736              | 4,830,460              | 3,278,450              |
| Operating Grants, Contributions, and Interest         | 2,090,172              | 1,422,622              | 1,312,293              | 1,287,341              | 1,483,970              | 1,782,427              | 2,246,982              | 2,383,121              | 2,195,900              | 2,538,885              |
| Capital Grants, Contributions and Interest            | 2,586,835              | 20,966,177             | 4,106,822              | 6,544,552              | 415,449                | 2,120,629              | 6,087,335              | 4,500,410              | 8,713,838              | 7,242,347              |
| <b>Total Governmental Activities Program Revenues</b> | <b>9,940,664</b>       | <b>27,008,920</b>      | <b>11,099,970</b>      | <b>14,087,758</b>      | <b>8,673,683</b>       | <b>13,005,334</b>      | <b>17,229,821</b>      | <b>15,688,798</b>      | <b>21,958,150</b>      | <b>19,293,863</b>      |
| <b>Expenses:</b>                                      |                        |                        |                        |                        |                        |                        |                        |                        |                        |                        |
| Governmental Activities:                              |                        |                        |                        |                        |                        |                        |                        |                        |                        |                        |
| Current:  |                        |                        |                        |                        |                        |                        |                        |                        |                        |                        |
| General Government                                    | 4,778,348              | 4,346,672              | 4,820,699              | 5,889,987              | 5,881,654              | 4,396,977              | 6,234,614              | 6,449,722              | 12,247,477             | 11,597,782             |
| Security of Persons and Property                      | 8,131,423              | 8,483,744              | 8,553,689              | 8,440,519              | 8,228,460              | 8,377,988              | 11,406,237             | 9,746,509              | 10,955,413             | 10,957,889             |
| Public Health   | 157,065                | 169,063                | 171,913                | 165,311                | 182,270                | 186,809                | 194,357                | 225,000                | 237,546                | 256,406                |
| Leisure Time Activities                               | 3,256,451              | 3,069,040              | 2,911,718              | 3,272,969              | 3,252,501              | 3,282,870              | 3,347,217              | 3,706,740              | 4,442,567              | 6,421,668              |
| Community Environment                                 | 7,370,811              | 4,704,774              | 3,091,413              | 2,621,951              | 3,491,170              | 3,571,243              | 3,437,303              | 3,846,005              | 3,856,330              | 4,365,272              |
| Basic Utility Services                                | 5,990,167              | 6,812,986              | 7,254,778              | 6,604,081              | 7,407,870              | 8,804,498              | 7,407,729              | 8,337,911              | 8,242,381              | 8,563,635              |
| Transportation  | 4,500,438              | 8,596,950              | 8,404,994              | 7,940,453              | 7,490,224              | 8,523,821              | 11,946,188             | 10,363,941             | 8,759,098              | 11,985,105             |
| Interest and Fiscal Charges                           | 1,966,780              | 2,516,290              | 2,599,540              | 2,639,621              | 2,775,651              | 2,326,249              | 1,774,916              | 1,861,659              | 2,094,479              | 1,875,982              |
| <b>Total Governmental Activities Expenses</b>         | <b>\$ 36,151,483</b>   | <b>\$ 38,699,519</b>   | <b>\$ 37,808,744</b>   | <b>\$ 37,574,892</b>   | <b>\$ 38,709,800</b>   | <b>\$ 39,470,455</b>   | <b>\$ 45,748,561</b>   | <b>\$ 44,537,487</b>   | <b>\$ 50,835,291</b>   | <b>\$ 56,023,739</b>   |
| <b>Net Expenses</b>                                   | <b>\$ (26,210,819)</b> | <b>\$ (11,690,599)</b> | <b>\$ (26,708,774)</b> | <b>\$ (23,487,134)</b> | <b>\$ (30,036,117)</b> | <b>\$ (26,465,121)</b> | <b>\$ (28,518,740)</b> | <b>\$ (28,848,689)</b> | <b>\$ (28,877,141)</b> | <b>\$ (36,729,876)</b> |

(continued)

**City of Hilliard, Ohio**  
**Changes in Net Position (Continued)**  
*Last Ten Years*  
*(accrual basis of accounting)*

|   | 2008                  | 2009                 | 2010                  | 2011                  | 2012                  | 2013                 | 2014                 | 2015                 | 2016                 | 2017                 |
|---|-----------------------|----------------------|-----------------------|-----------------------|-----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| <b>General Revenues:</b>                                    |                       |                      |                       |                       |                       |                      |                      |                      |                      |                      |
| Governmental Activities:                                    |                       |                      |                       |                       |                       |                      |                      |                      |                      |                      |
| Property Taxes Levied for General Purposes                  | \$ 1,902,363          | \$ 1,939,885         | \$ 1,682,554          | \$ 1,924,647          | \$ 1,978,442          | \$ 1,490,038         | \$ 1,483,891         | \$ 1,418,846         | \$ 1,429,888         | \$ 1,526,373         |
| Municipal Income Tax Levied for General Purposes            | 8,720,561             | 10,808,397           | 11,470,507            | 10,996,978            | 12,292,843            | 14,350,910           | 14,337,297           | 15,172,841           | 18,445,021           | 18,729,749           |
| Municipal Income Tax Levied for Transportation              | 1,744,110             | 2,161,680            | 747,888               | 384,371               | 885,947               | 466,492              | 1,212,529            | 1,536,470            | 2,458,263            | 3,170,538            |
| Municipal Income Tax Levied for Capital Outlay              | 3,488,226             | 4,323,358            | 4,072,798             | 3,946,978             | 4,392,930             | 4,939,135            | 5,160,611            | 5,585,976            | 6,967,455            | 7,297,194            |
| Payments in Lieu of Taxes                                   | 2,769,280             | 1,375,625            | 1,846,750             | 2,391,513             | 1,243,970             | 3,008,635            | 5,038,316            | 7,383,674            | 6,238,064            | 7,201,942            |
| Grants and Entitlements not Restricted to Specific Programs | 1,413,857             | 1,209,800            | 1,099,064             | 1,695,078             | 2,301,949             | 1,105,845            | 693,035              | 770,008              | 706,750              | 731,344              |
| Unrestricted Investment Earnings                            | 820,603               | 355,084              | 156,648               | 141,361               | 60,420                | 57,494               | 33,531               | 73,377               | 199,018              | 332,676              |
| Miscellaneous   | 522,555               | 186,099              | 376,594               | 455,810               | 581,217               | 361,580              | 356,074              | 508,900              | 334,063              | 255,019              |
| <b>Total Governmental Activities</b>                        | <b>\$ 21,381,555</b>  | <b>\$ 22,359,928</b> | <b>\$ 21,452,803</b>  | <b>\$ 21,936,736</b>  | <b>\$ 23,737,718</b>  | <b>\$ 25,780,129</b> | <b>\$ 28,315,284</b> | <b>\$ 32,450,092</b> | <b>\$ 36,778,522</b> | <b>\$ 39,244,835</b> |
| <b>Change in Net Position</b>                               | <b>\$ (4,829,264)</b> | <b>\$ 10,669,329</b> | <b>\$ (5,255,971)</b> | <b>\$ (1,550,398)</b> | <b>\$ (6,298,399)</b> | <b>\$ (684,992)</b>  | <b>\$ (203,456)</b>  | <b>\$ 3,601,403</b>  | <b>\$ 7,901,381</b>  | <b>\$ 2,514,959</b>  |

**City of Hilliard, Ohio**  
**Program Revenues by Function/Program**  
**Last Ten Years**  
*(accrual basis of accounting)*

| <b>Function / Program:</b>                            | 2008                | 2009                 | 2010                 | 2011                 | 2012                | 2013                 | 2014                 | 2015                 | 2016                 | 2017                 |
|---|---------------------|----------------------|----------------------|----------------------|---------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| <b>Governmental Activities</b>                        |                     |                      |                      |                      |                     |                      |                      |                      |                      |                      |
| General Government                                    | \$ 1,376,705        | \$ 1,543,528         | \$ 698,795           | \$ 718,663           | \$ 990,070          | \$ 828,746           | \$ 747,058           | \$ 932,505           | \$ 880,295           | \$ 1,340,133         |
| Security of Persons and Property                      | 588,599             | 620,598              | 1,052,600            | 974,688              | 1,009,245           | 1,006,477            | 967,899              | 972,845              | 1,012,271            | 1,152,659            |
| Leisure Time Activities                               | 913,231             | 933,107              | 992,536              | 1,053,018            | 1,109,563           | 1,483,629            | 1,037,505            | 1,255,051            | 1,493,030            | 1,154,048            |
| Community Environment                                 | 1,327,813           | 596,596              | 1,540,679            | 1,459,453            | 2,089,648           | 2,901,063            | 2,797,942            | 2,784,666            | 3,105,178            | 3,165,149            |
| Basic Utility Services                                | 1,870,366           | 8,633,325            | 2,436,329            | 5,214,730            | 2,036,875           | 4,053,801            | 7,738,258            | 7,586,211            | 10,519,988           | 8,151,546            |
| Transportation  | 3,863,950           | 14,681,766           | 4,379,031            | 4,667,206            | 1,438,282           | 2,731,618            | 3,941,159            | 2,157,520            | 4,947,388            | 4,330,328            |
| <b>Total Governmental Activities Program Revenues</b> | <b>\$ 9,940,664</b> | <b>\$ 27,008,920</b> | <b>\$ 11,099,970</b> | <b>\$ 14,087,758</b> | <b>\$ 8,673,683</b> | <b>\$ 13,005,334</b> | <b>\$ 17,229,821</b> | <b>\$ 15,688,798</b> | <b>\$ 21,958,150</b> | <b>\$ 19,293,863</b> |

**City of Hilliard, Ohio**  
*Fund Balances - Governmental Funds*  
*Last Ten Years*  
*(modified accrual basis of accounting)*

|   | 2008                | 2009                 | 2010                 | 2011                | 2012                 | 2013                 | 2014                 | 2015                 | 2016                 | 2017                 |
|---|---------------------|----------------------|----------------------|---------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| <b>General Fund</b>                       |                     |                      |                      |                     |                      |                      |                      |                      |                      |                      |
| Nonspendable                              | \$ -                | \$ -                 | \$ -                 | \$ 28,179           | \$ 26,723            | \$ 25,268            | \$ 26,774            | \$ 40,817            | \$ 40,542            | \$ 71,894            |
| Committed                                 | -                   | -                    | -                    | 204,888             | 186,706              | 224,637              | 221,970              | 86,232               | 150,297              | 83,789               |
| Assigned                                  | -                   | -                    | -                    | 520,519             | 300,101              | 113,892              | 189,754              | 344,930              | 1,412,497            | 7,046,953            |
| Unassigned                                | -                   | -                    | -                    | 3,055,755           | 5,132,224            | 9,146,578            | 10,340,785           | 11,937,982           | 14,144,814           | 9,023,648            |
| Reserved                                  | 116,547             | 139,582              | 188,231              | -                   | -                    | -                    | -                    | -                    | -                    | -                    |
| Unreserved                                | 3,183,859           | 3,073,796            | 3,161,504            | -                   | -                    | -                    | -                    | -                    | -                    | -                    |
| <b>Total General Fund</b>                 | <b>3,300,406</b>    | <b>3,213,378</b>     | <b>3,349,735</b>     | <b>3,809,341</b>    | <b>5,645,754</b>     | <b>9,510,375</b>     | <b>10,779,283</b>    | <b>12,409,961</b>    | <b>15,748,150</b>    | <b>16,226,284</b>    |
| <b>All Other Governmental Funds</b>       |                     |                      |                      |                     |                      |                      |                      |                      |                      |                      |
| Restricted                                | -                   | -                    | -                    | 8,287,493           | 10,453,741           | 16,177,842           | 20,434,858           | 19,509,382           | 17,168,002           | 15,310,227           |
| Committed                                 | -                   | -                    | -                    | 5,773,016           | 4,961,934            | 4,566,178            | 4,157,852            | 3,851,332            | 4,764,514            | 5,073,581            |
| Unassigned (deficit)                      | -                   | -                    | -                    | (12,904)            | (12,904)             | -                    | (14,663)             | (4,161)              | (637,643)            | (199,713)            |
| Reserved                                  | 5,032,205           | 3,245,086            | 6,622,551            | -                   | -                    | -                    | -                    | -                    | -                    | -                    |
| Unreserved, Reported in:                  |                     |                      |                      |                     |                      |                      |                      |                      |                      |                      |
| Special Revenue Funds                     | 7,388,881           | 6,240,285            | 6,615,484            | -                   | -                    | -                    | -                    | -                    | -                    | -                    |
| Debt Service Funds                        | 264                 | (13,717)             | (12,904)             | -                   | -                    | -                    | -                    | -                    | -                    | -                    |
| Capital Projects Funds                    | (7,260,811)         | 3,150,492            | 434,163              | -                   | -                    | -                    | -                    | -                    | -                    | -                    |
| <b>Total All Other Governmental Funds</b> | <b>5,160,539</b>    | <b>12,622,146</b>    | <b>13,659,294</b>    | <b>-</b>            | <b>15,402,771</b>    | <b>20,744,020</b>    | <b>24,578,047</b>    | <b>23,356,553</b>    | <b>21,294,873</b>    | <b>20,184,095</b>    |
| <b>Total Governmental Funds</b>           | <b>\$ 8,460,945</b> | <b>\$ 15,835,524</b> | <b>\$ 17,009,029</b> | <b>\$ 3,809,341</b> | <b>\$ 21,048,525</b> | <b>\$ 30,254,395</b> | <b>\$ 35,357,330</b> | <b>\$ 35,766,514</b> | <b>\$ 37,043,023</b> | <b>\$ 36,410,379</b> |

Note: On January 1, 2011, the City adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. Fund balances for years prior to 2011 have not been reclassified.

**City of Hilliard, Ohio**  
*Changes in Fund Balances - Governmental Funds*  
*Last Ten Years*  
*(modified accrual basis of accounting)*

|  | 2008                  | 2009                | 2010                | 2011               | 2012                | 2013                | 2014                | 2015                | 2016                | 2017                |
|--|-----------------------|---------------------|---------------------|--------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| <b>Revenues:</b>   |                       |                     |                     |                    |                     |                     |                     |                     |                     |                     |
| Property and Other Local Taxes                                 | \$ 1,938,359          | \$ 1,719,684        | \$ 1,936,497        | \$ 1,981,224       | \$ 1,489,345        | \$ 1,559,706        | \$ 1,441,796        | \$ 1,462,509        | \$ 1,429,658        | \$ 1,528,261        |
| Municipal Income Taxes   | 16,639,707            | 15,912,550          | 16,050,554          | 17,436,327         | 18,739,268          | 20,843,443          | 20,227,766          | 25,790,575          | 27,615,153          | 27,941,266          |
| Payment in Lieu of Taxes                                       | 599,118               | 1,529,580           | 2,331,405           | 2,333,600          | 3,008,635           | 5,038,316           | 7,383,674           | 5,319,823           | 6,238,064           | 7,201,942           |
| Intergovernmental  | 6,242,515             | 3,264,109           | 7,464,964           | 7,103,146          | 2,765,621           | 3,021,748           | 4,550,308           | 3,198,900           | 3,471,002           | 5,401,377           |
| Charges for Services   | 4,387,135             | 3,466,922           | 4,278,597           | 4,741,570          | 5,474,971           | 6,372,169           | 6,755,577           | 6,878,488           | 7,667,567           | 7,192,206           |
| Licenses and Permits   | 871,346               | 968,911             | 1,745,589           | 1,183,422          | 827,486             | 2,174,933           | 1,968,205           | 1,529,826           | 3,118,344           | 1,913,121           |
| Fines and Forfeitures  | 367,636               | 320,788             | 292,669             | 330,873            | 397,752             | 389,424             | 337,475             | 307,757             | 261,398             | 403,899             |
| Investment Income  | 381,963               | 156,648             | 141,361             | 60,420             | 57,494              | 33,531              | 73,377              | 48,070              | 199,018             | 332,676             |
| Special Assessments  | 98,734                | 28,981              | 813                 | -                  | -                   | -                   | -                   | -                   | -                   | -                   |
| Other  | 124,153               | 377,758             | 390,760             | 552,819            | 358,221             | 355,886             | 882,453             | 217,020             | 318,819             | 248,424             |
| <b>Total Revenues</b>  | <b>31,650,666</b>     | <b>27,745,931</b>   | <b>34,633,209</b>   | <b>35,723,401</b>  | <b>33,118,793</b>   | <b>39,789,156</b>   | <b>43,620,631</b>   | <b>44,752,968</b>   | <b>50,319,023</b>   | <b>52,163,172</b>   |
| <b>Expenditures:</b>   |                       |                     |                     |                    |                     |                     |                     |                     |                     |                     |
| Current:   |                       |                     |                     |                    |                     |                     |                     |                     |                     |                     |
| General Government   | 5,092,918             | 4,375,856           | 4,857,636           | 5,821,506          | 5,922,196           | 4,828,215           | 6,881,917           | 9,293,320           | 14,623,801          | 10,343,125          |
| Security of Persons and Property                               | 8,152,818             | 15,107,209          | 8,282,776           | 7,943,336          | 8,022,112           | 8,436,061           | 11,635,540          | 9,198,922           | 10,147,638          | 9,893,769           |
| Public Health  | 157,065               | 169,063             | 171,913             | 165,311            | 182,270             | 186,809             | 194,357             | 225,000             | 237,546             | 256,406             |
| Leisure Time Activities  | 4,656,844             | 3,103,714           | 4,456,087           | 2,803,019          | 2,852,567           | 3,256,275           | 4,412,240           | 7,723,557           | 6,390,159           | 7,110,569           |
| Community Environment  | 9,413,956             | 5,833,755           | 5,357,924           | 3,301,309          | 3,373,556           | 3,444,028           | 3,326,671           | 4,247,432           | 3,677,582           | 3,876,683           |
| Basic Utility Services   | 1,195,029             | 2,544,706           | 1,937,183           | 1,697,650          | 2,362,492           | 3,264,874           | 2,480,971           | 3,482,900           | 4,046,696           | 3,493,862           |
| Transportation   | 4,852,648             | 6,746,273           | 8,544,315           | 10,472,973         | 3,893,437           | 5,171,459           | 10,158,186          | 6,919,067           | 7,562,237           | 9,739,304           |
| Debt Service:  |                       |                     |                     |                    |                     |                     |                     |                     |                     |                     |
| Principal Retirement   | 2,398,986             | 2,357,284           | 2,629,411           | 2,945,653          | 3,580,068           | 4,016,158           | 8,515,167           | 15,269,704          | 11,506,452          | 11,026,242          |
| Interest and Fiscal Charges                                    | 1,907,169             | 2,939,932           | 2,637,382           | 2,899,735          | 2,870,941           | 2,275,495           | 1,660,868           | 1,786,954           | 2,049,620           | 2,070,924           |
| Insurance Costs  | -                     | -                   | -                   | -                  | -                   | 153,222             | 147,271             | 182,912             | 247,705             | 104,753             |
| <b>Total Expenditures</b>                                      | <b>37,827,433</b>     | <b>43,177,792</b>   | <b>38,874,627</b>   | <b>38,050,492</b>  | <b>33,059,639</b>   | <b>35,032,596</b>   | <b>49,413,188</b>   | <b>58,329,768</b>   | <b>60,489,436</b>   | <b>57,915,637</b>   |
| <b>Excess of Revenues Over (Under) Expenditures</b>            | <b>(6,176,767)</b>    | <b>(15,431,861)</b> | <b>(4,241,418)</b>  | <b>(2,327,091)</b> | <b>59,154</b>       | <b>4,756,560</b>    | <b>(5,792,557)</b>  | <b>(13,576,800)</b> | <b>(10,170,413)</b> | <b>(5,752,465)</b>  |
| <b>Other Financing Sources (Uses):</b>                         |                       |                     |                     |                    |                     |                     |                     |                     |                     |                     |
| Proceeds from Sale of Capital Assets                           | -                     | -                   | 65,050              | 28,398             | 3,359               | 18,785              | 1,848               | 1,500               | 298,393             | 11,152              |
| Issuance of General Obligation Bonds                           | -                     | 15,540,000          | -                   | 8,020,000          | 2,480,000           | 8,905,000           | -                   | 8,745,000           | 3,855,000           | 4,655,000           |
| Issuance of Bond Anticipation Notes                            | -                     | -                   | 5,300,000           | -                  | -                   | 4,285,000           | 10,785,000          | 7,275,000           | 6,500,000           | -                   |
| OWDA and OPWC Loans Issued                                     | -                     | -                   | -                   | 17,689             | 413,790             | -                   | -                   | -                   | -                   | -                   |
| Premium on Debt  | -                     | 849,054             | 49,873              | 15,982             | 1,364,417           | 484,152             | 435,398             | 1,260,402           | 1,609,604           | -                   |
| Refunding Bonds Issued   | -                     | -                   | -                   | -                  | 8,605,000           | -                   | 5,160,000           | -                   | 8,205,000           | 453,669             |
| Payment on Refunded Bonds or Notes                             | -                     | -                   | -                   | (5,300,000)        | (9,734,141)         | (9,243,627)         | (5,486,754)         | (3,295,918)         | (9,130,978)         | -                   |
| Inception of Capital Lease                                     | -                     | 6,417,386           | -                   | 392,939            | -                   | -                   | -                   | -                   | 109,903             | -                   |
| Transfers - In   | -                     | 441,137             | -                   | -                  | -                   | -                   | -                   | 2,308,880           | 1,880,000           | 3,500,000           |
| Transfers - Out  | -                     | (441,137)           | -                   | -                  | -                   | -                   | -                   | (2,308,880)         | (1,880,000)         | (3,500,000)         |
| <b>Total Other Financing Sources (Uses)</b>                    | <b>-</b>              | <b>22,806,440</b>   | <b>5,414,923</b>    | <b>3,175,008</b>   | <b>3,132,425</b>    | <b>4,449,310</b>    | <b>10,895,492</b>   | <b>13,985,994</b>   | <b>11,446,922</b>   | <b>5,119,821</b>    |
| <b>Net Change in Fund Balances</b>                             | <b>\$ (6,176,767)</b> | <b>\$ 7,374,579</b> | <b>\$ 1,173,505</b> | <b>\$ 847,917</b>  | <b>\$ 3,191,579</b> | <b>\$ 9,205,870</b> | <b>\$ 5,102,935</b> | <b>\$ 409,184</b>   | <b>\$ 1,276,509</b> | <b>\$ (632,644)</b> |
| <b>Debt Service as a Percentage of Noncapital Expenditures</b> | <b>14.9%</b>          | <b>17.1%</b>        | <b>17.7%</b>        | <b>19.6%</b>       | <b>21.0%</b>        | <b>19.8%</b>        | <b>23.9%</b>        | <b>35.5%</b>        | <b>27.9%</b>        | <b>28.0%</b>        |

(cash basis of accounting)

|      |            |           |            |           |            |
|------|------------|-----------|------------|-----------|------------|
|      | 71%        | 81%       | 10%        | 81%       | 19%        |
| 2017 | 20,891,108 | 2,822,321 | 23,713,429 | 5,823,710 | 29,537,139 |

Source: City Income Tax Division

(1) Amounts are reported gross and do not take into account tax refunds. The City levies a municipal income tax of 2.0 percent. This rate has been the same for all ten years presented.

**City of Hilliard, Ohio**  
*Income Tax Revenue Fund Distribution (1)*  
*Last Ten Years*  
*(cash basis of accounting)*

| Year | General Fund | Capital Improvement Municipal Tax Fund | Street Improvement Municipal Tax Fund | Total      | Percentage Increase/ (Decrease) |
|------|--------------|--|---------------------------------------|------------|---------------------------------|
| 2008 | 10,204,465   | 4,081,786                              | 2,040,893                             | 16,327,144 | 18.28%                          |
| 2009 | 11,496,626   | 4,083,246                              | 753,112                               | 16,332,984 | 0.04%                           |
| 2010 | 12,165,853   | 4,014,340                              | 527,842                               | 16,708,035 | 2.30%                           |
| 2011 | 12,184,246   | 4,341,568                              | 840,456                               | 17,366,270 | 3.94%                           |
| 2012 | 13,395,426   | 4,633,040                              | 503,694                               | 18,532,160 | 6.71%                           |
| 2013 | 14,040,629   | 5,057,600                              | 1,200,169                             | 20,298,398 | 9.53%                           |
| 2014 | 15,151,065   | 5,578,415                              | 1,535,563                             | 22,265,043 | 9.69%                           |
| 2015 | 16,996,835   | 6,326,264                              | 1,981,958                             | 25,305,057 | 13.65%                          |
| 2016 | 18,061,105   | 6,834,152                              | 2,442,267                             | 27,337,524 | 8.03%                           |
| 2017 | 18,133,490   | 6,954,543                              | 2,738,843                             | 27,826,876 | 1.79%                           |

Source: City Income Tax Department

(1) Net of refunds. The City levies a municipal income tax of 2.0 percent. This rate has been the same for all ten years presented.



**City of Hilliard, Ohio**  
*Principal Income Taxpayers - Withholding Accounts*  
*Current Year and Nine Years Prior*

| Range of Withholding Amount | 2017                           |   | 2008                           |   |
|-----------------------------|--------------------------------|---|--------------------------------|---|
|                             | Number of Withholding Accounts | Percentage of Total Withholding Revenue | Number of Withholding Accounts | Percentage of Total Withholding Revenue |
| \$500,001 and higher        | 6                              | 32.69%                                  | 3                              | 24.38%                                  |
| \$300,001 - 500,000         | 3                              | 5.28%                                   | 3                              | 7.64%                                   |
| \$100,001 - 300,000         | 16                             | 12.20%                                  | 9                              | 7.89%                                   |
| \$55,001 - 100,000          | 35                             | 12.59%                                  | 22                             | 12.86%                                  |
| Total                       |                                | 62.76%                                  |                                | 52.77%                                  |
| All Others                  |                                | 37.24%                                  |                                | 47.23%                                  |
| Total Withholding Accounts  |                                | 100.00%                                 |                                | 100.00%                                 |

Source: City Income Tax Department

**City of Hilliard, Ohio**  
Assessed Value and Estimated Actual Value of Taxable Property  
Last Ten Years

| Tax<br>Year | Real Property (1) |              |                |               |                | Personal Property (2) |                |              | Total          |          | Estimated Actual<br>Value of<br>Taxable Property | Total<br>Direct<br>Tax<br>Rate |
|-------------|-------------------|--------------|----------------|---------------|----------------|-----------------------|----------------|--------------|----------------|----------|--|--------------------------------|
|             | Residential       | Agricultural | Commercial     | Industrial    | Public Utility | Total                 | Public Utility | General      | Valuation      | % Growth |  |                                |
| 2008        | \$ 686,405,600    | \$ 1,426,860 | \$ 113,450,470 | \$ 50,466,490 | \$ 80,650      | \$ 851,830,070        | \$ 10,072,070  | \$ 2,691,967 | \$ 864,594,107 | 1.92%    | \$ 2,484,856,348                                 | \$ 2                           |
| 2009        | 684,289,450       | 1,460,720    | 138,984,940    | 50,031,110    | 90,590         | 874,856,810           | 10,394,370     | 1,345,983    | 886,597,163    | 2.54%    | 2,546,552,298                                    | 1.60                           |
| 2010        | 685,969,370       | 1,508,590    | 126,497,550    | 51,110,680    | 90,260         | 865,176,450           | 11,735,180     | -            | 876,911,630    | -1.09%   | 2,518,873,434                                    | 1.60                           |
| 2011        | 648,863,550       | 220,850      | 133,992,270    | 49,254,890    | 95,680         | 832,427,240           | 12,894,340     | -            | 845,321,580    | -3.60%   | 2,429,940,903                                    | 1.60                           |
| 2012        | 650,106,670       | 202,650      | 132,537,670    | 48,868,730    | 102,050        | 831,817,770           | 12,999,270     | -            | 844,817,040    | -0.06%   | 2,428,619,280                                    | 1.60                           |
| 2013        | 653,620,850       | 202,650      | 125,794,790    | 48,969,180    | 108,720        | 828,696,190           | 13,663,980     | -            | 842,360,170    | -0.29%   | 2,422,359,320                                    | 1.60                           |
| 2014        | 676,482,330       | 334,970      | 130,957,970    | 45,693,090    | 113,600        | 853,581,960           | 13,802,040     | -            | 867,384,000    | 2.97%    | 2,494,013,760                                    | 1.60                           |
| 2015        | 686,255,690       | 334,970      | 143,948,700    | 45,300,260    | 109,640        | 875,949,260           | 17,439,680     | -            | 893,388,940    | 3.00%    | 2,572,470,891                                    | 1.60                           |
| 2016        | 706,508,020       | 476,840      | 159,045,970    | 57,459,820    | 99,510         | 923,590,160           | 22,083,010     | -            | 945,673,170    | 5.85%    | 2,727,161,069                                    | 1.60                           |
| 2017        | 769,568,760       | 748,160      | 180,804,500    | 50,425,820    | 95,820         | 1,001,643,060         | 29,546,200     | -            | 1,031,189,260  | 9.04%    | 2,980,022,114                                    | 1.60                           |

Source: Franklin County Auditor

- (1) Assessed valuation for real property is based upon 35 percent of estimated true value set by county appraisal.  
(2) Prior to 2006, the assessed valuation for personal property was based on varying percentages of true value (25 percent was used in the assessed values above). House Bill 66 (the State's biennial budget for fiscal years 2006-2007) phased out the tax on the tangible personal property of general businesses, telephone and telecommunications, and railroads. The tax on general business and railroad property (which is public utility property) will be eliminated in 2009, and the tax on telephone and telecommunications property will be eliminated by 2011. The tax is phased out by reducing the assessment rate on the property each year. At the same time, the bill replaces the revenue lost due to phasing out the tax. In the first five years, local governments are reimbursed fully for the lost revenue (based on 2004 values); in the following seven years, the reimbursements are phased out.

**City of Hilliard, Ohio**  
*Direct and Overlapping Property Tax Rates*  
*Last Ten Years*  
*(Per \$1,000 of Assessed Valuation)*

| <u>Tax<br/>Year</u> | <u>City of<br/>Hilliard<br/>General Fund</u> | <u>Hilliard<br/>City School<br/>District</u> | <u>Franklin<br/>County</u> | <u>Metropolitan<br/>Library</u> | <u>Norwich<br/>Township</u> | <u>Vocational<br/>School</u> | <u>Total</u> |
|---------------------|--|--|----------------------------|---------------------------------|-----------------------------|------------------------------|--------------|
| 2008                | \$ 1.60                                      | \$ 82.79                                     | \$ 18.02                   | \$ 2.20                         | \$ 17.50                    | \$ 1.30                      | \$ 123.41    |
| 2009                | 1.60   | 82.85  | 18.07                      | 2.20                            | 17.50                       | 1.30                         | 123.52       |
| 2010                | 1.60   | 82.95  | 18.07                      | 2.80                            | 17.50                       | 1.30                         | 124.22       |
| 2011                | 1.60   | 89.35  | 18.07                      | 2.80                            | 17.50                       | 1.60                         | 130.92       |
| 2012                | 1.60   | 89.45  | 18.47                      | 2.80                            | 17.50                       | 1.60                         | 131.42       |
| 2013                | 1.60   | 89.45  | 18.47                      | 2.80                            | 21.62                       | 1.60                         | 135.54       |
| 2014                | 1.60   | 89.55  | 18.47                      | 2.80                            | 21.62                       | 1.60                         | 135.64       |
| 2015                | 1.60   | 89.55  | 18.47                      | 2.80                            | 21.62                       | 1.60                         | 135.64       |
| 2016                | 1.60   | 94.35  | 18.47                      | 2.80                            | 21.62                       | 1.60                         | 140.44       |
| 2017                | 1.60   | 93.75  | 18.92                      | 2.80                            | 21.60                       | 1.60                         | 140.27       |

Source: Franklin County Auditor

**City of Hilliard, Ohio**  
*Principal Property Tax Payers - Real Property*  
*Current Year and Nine Years Prior*

| Taxpayer                               | 2017                     |      |  | 2008                     |      |  |
|--|--------------------------|------|--|--------------------------|------|--|
|  | Total Assessed Valuation | Rank | Percentage of Total Assessed Valuation | Total Assessed Valuation | Rank | Percentage of Total Assessed Valuation |
| Villages at Britton Ltd                | \$ 16,450,010            | 1    | 1.64%                                  |                          |      |  |
| MCI International Inc.                 | 10,902,930               | 2    | 1.09%                                  |                          |      |  |
| LSREF3 Bravo Ohio LLC                  | 9,975,000                | 3    | 1.00%                                  |                          |      |  |
| M-BM LLC                               | 8,664,670                | 4    | 0.87%                                  |                          |      |  |
| One Mill Run LP                        | 6,215,450                | 5    | 0.62%                                  |                          |      |  |
| PPOS 17 LLC                            | 5,670,010                | 6    | 0.57%                                  |                          |      |  |
| Riggins Road LLC                       | 5,215,000                | 7    | 0.52%                                  |                          |      |  |
| AEP Ohio Transmission Company Inc.     | 4,755,750                | 8    | 0.47%                                  |                          |      |  |
| National Retail Properties LP          | 4,550,010                | 9    | 0.45%                                  |                          |      |  |
| Crystal Lake Apartments                | 3,830,300                | 10   | 0.38%                                  | \$ 3,160,620             | 6    | 0.37%                                  |
| G&I VI Heritage Green LLC              |                          |      |  | 7,238,000                | 1    | 0.85%                                  |
| Trueman LP                             |                          |      |  | 4,151,560                | 2    | 0.49%                                  |
| Talcott III Mill Run LLC               |                          |      |  | 3,964,780                | 3    | 0.47%                                  |
| CSE Hilliard LLC                       |                          |      |  | 3,436,090                | 4    | 0.40%                                  |
| Tremont Club LLC                       |                          |      |  | 3,350,020                | 5    | 0.39%                                  |
| Cadlerocks Hilliard                    |                          |      |  | 2,975,000                | 7    | 0.35%                                  |
| First Industrial LP                    |                          |      |  | 2,529,180                | 8    | 0.30%                                  |
| Compuserve, Inc.                       |                          |      |  | 2,237,310                | 9    | 0.26%                                  |
| Clearview Hilliard LP                  |                          |      |  | 2,173,790                | 10   | 0.26%                                  |
| Total Top 10 Real Property             | 76,229,130               |      | 7.61%                                  | 35,216,350               |      | 4.14%                                  |
| All Others                             | 925,413,930              |      | 92.39%                                 | 816,613,720              |      | 95.86%                                 |
| Total Real Property Assessed Valuation | <u>\$ 1,001,643,060</u>  |      | <u>100.00%</u>                         | <u>\$ 851,830,070</u>    |      | <u>100.00%</u>                         |

Source: Franklin County Auditor

**City of Hilliard, Ohio**  
*Property Tax Levies and Collections*  
*Last Ten Years*

| <u>Collection<br/>Year</u> | <u>Total<br/>Tax<br/>Levy (1) (2)</u> | <u>Current<br/>Tax<br/>Collections (1) (3)</u> | <u>Percent of<br/>Current Levy<br/>Collected (3)</u> | <u>Delinquent<br/>Tax<br/>Collections</u> | <u>Total Tax<br/>Collections</u> |
|----------------------------|---------------------------------------|--|--|---|----------------------------------|
| 2008                       | \$ 1,458,263                          | \$ 1,307,442                                   | 89.66%   | \$ 32,214                                 | \$ 1,339,656                     |
| 2009                       | 1,431,361                             | 1,365,022                                      | 95.37%   | 65,393                                    | 1,430,415                        |
| 2010                       | 1,473,382                             | 1,456,360                                      | 98.84%   | 51,583                                    | 1,507,943                        |
| 2011                       | 1,463,918                             | 1,443,836                                      | 98.63%   | 26,067                                    | 1,469,903                        |
| 2012                       | 1,417,184                             | 1,401,052                                      | 98.86%   | 23,016                                    | 1,424,068                        |
| 2013                       | 1,449,224                             | 1,199,654                                      | 82.78%   | 36,053                                    | 1,235,707                        |
| 2014                       | 1,365,550                             | 1,466,149                                      | 107.37%  | 27,364                                    | 1,493,513                        |
| 2015                       | 1,387,814                             | 1,295,817                                      | 93.37%   | 29,743                                    | 1,325,560                        |
| 2016                       | 1,429,422                             | 1,523,391                                      | 106.57%  | 31,900                                    | 1,555,291                        |
| 2017                       | 1,481,320                             | 1,433,243                                      | 96.75%   | 29,816                                    | 1,463,059                        |

Source: Franklin County Auditor

- (1) State reimbursement of rollback and homestead exemptions are included
- (2) Amounts listed include penalties and interest
- (3) The County does not identify delinquent collections by the year for which the tax was levied.

**City of Hilliard, Ohio**  
*Computation of All Direct and Overlapping Governmental Debt*  
*December 31, 2017*

| Jurisdiction                          | Debt<br>Outstanding          | Percentage<br>Applicable<br>to the City of<br>Hilliard (1) | Amount<br>Applicable<br>to the City<br>of Hilliard |
|---------------------------------------|------------------------------|--|--|
| <b>Direct</b>                         |                              |  |  |
| City of Hilliard                      |                              |  |  |
| Loans Payable                         | \$ 2,980,425                 |  | \$ 2,980,425                                       |
| General Obligation Bonds              | 54,155,568                   |  | 54,155,568   |
| Capital Leases                        | <u>5,331,545</u>             |  | <u>5,331,545</u>                                   |
| Total Direct Debt                     | <u>62,467,538</u>            | 100.00%  | <u>62,467,538</u>                                  |
| <b>Overlapping Subdivisions</b>       |                              |  |  |
| Hilliard City School District         | 147,555,006                  | 37.42%   | 55,215,083   |
| Dublin City School District           | 124,286,104                  | 0.07%  | 87,000   |
| Franklin County                       | 221,125,000                  | 3.49%  | 7,717,263  |
| Solid Waste Authority of Central Ohio | <u>49,545,000</u>            | 3.33%  | <u>1,649,849</u>                                   |
| Total Overlapping Debt                | <u>542,511,110</u>           |  | <u>64,669,195</u>                                  |
| Total Direct and Overlapping Debt     | <u><u>\$ 604,978,648</u></u> |  | <u><u>\$ 127,136,733</u></u>                       |

Source: Franklin County Auditor

(1) Percentages determined by dividing each overlapping subdivision's assessed valuation within the City by the subdivision's total assessed valuation.

Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City. This process recognizes that, when considering the City's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account.

**City of Hilliard, Ohio**  
*Ratio of Net General Obligation Bonded Debt to Estimated  
Actual Value and General Obligation Bonded Debt Per Capita  
Last Ten Years*

| Collection<br>Year | Net<br>Bonded<br>Debt | Estimated<br>Actual Value<br>of Taxable<br>Property (2) | Population (1) | Ratio of Net<br>Bonded Debt<br>to Estimated<br>Actual Value | Net Bonded<br>Debt Per<br>Capita |
|--------------------|-----------------------|---|----------------|---|----------------------------------|
| 2008               | \$ 38,994,698         | \$ 2,484,856,348  | 28,850         | 1.57%   | \$ 1,352                         |
| 2009               | 53,372,658            | 2,546,552,298   | 28,927         | 2.10%   | 1,845                            |
| 2010               | 50,786,564            | 2,518,873,434   | 28,935         | 2.02%   | 1,755                            |
| 2011               | 55,994,999            | 2,429,940,903   | 29,250         | 2.30%   | 1,914                            |
| 2012               | 55,859,717            | 2,428,619,280   | 28,524         | 2.30%   | 1,958                            |
| 2013               | 53,129,330            | 2,422,359,320   | 28,595         | 2.19%   | 1,858                            |
| 2014               | 49,772,640            | 2,494,013,760   | 28,723         | 2.00%   | 1,733                            |
| 2015               | 52,679,797            | 2,572,470,891   | 28,952         | 2.05%   | 1,820                            |
| 2016               | 53,507,370            | 2,727,161,069   | 29,331         | 1.96%   | 1,824                            |
| 2017               | 54,155,568            | 2,980,022,114   | 34,631         | 1.82%   | 1,564                            |

(1) Source: "Population Estimates," published by the Mid Ohio Regional Planning Commission

(2) Source: Franklin County Auditor

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements

**City of Hilliard, Ohio**  
*Ratios of Outstanding Debt by Type*  
*Governmental Activities*  
*Last Ten Years*

| Year | Notes Payable | Loans Payable | General Obligation Bonds | Special Assessment Bonds | Capital Leases | Total Outstanding Debt | Population(1) | Personal Income(2) | Debt Per Capita | Percentage of Personal Income |
|------|---------------|---------------|--------------------------|--------------------------|----------------|------------------------|---------------|--------------------|-----------------|-------------------------------|
| 2008 | \$ 11,390,000 | \$ 2,216,777  | \$ 38,994,698            | \$ -                     | \$ 342,992     | \$ 52,944,467          | 28,850        | \$ 1,100,022       | \$ 1,835        | 4.81%                         |
| 2009 | -             | 2,216,777     | 53,372,658               | -                        | 6,313,094      | 61,902,529             | 28,927        | 1,106,226          | 2,140           | 5.60%                         |
| 2010 | 5,300,000     | 2,216,777     | 50,786,564               | -                        | 6,168,683      | 64,472,024             | 28,935        | 1,112,464          | 2,228           | 5.80%                         |
| 2011 | -             | 2,127,163     | 55,994,999               | -                        | 6,448,272      | 64,570,434             | 29,250        | 1,175,499          | 2,208           | 5.49%                         |
| 2012 | -             | 4,569,580     | 55,859,717               | -                        | 6,256,210      | 66,685,507             | 28,524        | 1,218,773          | 2,338           | 5.47%                         |
| 2013 | 4,285,000     | 4,308,312     | 53,129,330               | -                        | 6,056,320      | 67,778,962             | 28,595        | 1,254,377          | 2,370           | 5.40%                         |
| 2014 | 10,785,000    | 3,986,189     | 49,772,640               | -                        | 5,848,276      | 70,392,105             | 28,723        | 1,289,720          | 2,451           | 5.46%                         |
| 2015 | 7,275,000     | 3,603,022     | 52,679,797               | -                        | 5,631,739      | 69,189,558             | 28,952        | 1,348,295          | 2,390           | 5.13%                         |
| 2016 | 6,500,000     | 3,322,443     | 53,507,370               | -                        | 5,500,769      | 68,830,582             | 29,331        | 1,399,822          | 2,347           | 4.92%                         |
| 2017 | -             | 2,980,425     | 54,155,568               | -                        | 5,331,545      | 62,467,538             | 34,631        | N/A                | 1,804           | N/A                           |

(1) "Population Estimates," published by the Mid-Ohio Regional Planning Commission

(2) Computation of per capita personal income multiplied by population (in thousands)

N/A - Information not available

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements



**City of Hilliard, Ohio**  
Legal Debt Margin Information  
Last Ten Years

|   | 2017             | 2016           | 2015           | 2014           | 2013           | 2012           | 2011           | 2010           | 2009           | 2008           |
|---|------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Total Assessed Valuation                              | \$ 1,031,189,260 | \$ 945,673,170 | \$ 893,388,940 | \$ 867,384,000 | \$ 842,360,170 | \$ 844,817,040 | \$ 845,321,580 | \$ 876,911,630 | \$ 886,597,163 | \$ 864,594,107 |
| Overall debt limitation - 10.5% of assessed valuation | 108,274,872      | 99,295,683     | 93,805,839     | 91,075,320     | 88,447,818     | 88,705,789     | 88,758,766     | 92,075,721     | 93,092,702     | 90,782,381     |
| Total Indebtedness as of 12/31                        | 49,830,000       | 55,690,000     | 56,410,000     | 57,835,000     | 50,370,000     | 53,130,000     | 54,320,000     | 54,325,000     | 51,510,000     | 49,270,000     |
| Less Exempt Debt:                                     |                  |                |                |                |                |                |                |                |                |                |
| Self Supporting                                       | -                | -              | -              | -              | -              | -              | -              | -              | -              | -              |
| 1999A Various Purpose-Water portion(28%)              | -                | -              | -              | -              | -              | -              | -              | -              | -              | 51,800         |
| 2002 Various Purpose-Water portion(39%)               | -                | -              | -              | -              | -              | -              | 62,400         | 120,900        | 177,450        | 232,050        |
| 2005 Various Purpose-Water portion(39%)               | -                | -              | 1,123,200      | 1,567,800      | 1,994,850      | 5,569,200      | 5,904,600      | 6,228,300      | 6,542,250      | 6,862,050      |
| Total Self Supporting                                 | -                | -              | 1,123,200      | 1,567,800      | 1,994,850      | 5,569,200      | 5,967,000      | 6,349,200      | 6,719,700      | 7,145,900      |
| Income Tax Supported                                  |                  |                |                |                |                |                |                |                |                |                |
| 1999 Various Purpose(72%)                             | -                | -              | -              | -              | -              | -              | -              | -              | -              | 133,200        |
| 2002 Various Purpose(61%)                             | -                | -              | -              | -              | -              | -              | 97,600         | 189,100        | 277,550        | 362,950        |
| 2003 Various Purpose                                  | -                | -              | -              | -              | -              | 245,000        | 3,655,000      | 3,880,000      | 4,100,000      | 4,310,000      |
| 2009 Various Purpose                                  | 1,430,000        | 2,130,000      | 8,220,000      | 11,645,000     | 12,470,000     | 13,270,000     | 14,055,000     | 14,810,000     | 15,540,000     | -              |
| 2011 Various Purpose                                  | 5,445,000        | 5,795,000      | 6,135,000      | 6,585,000      | 7,020,000      | 7,445,000      | 7,865,000      | -              | -              | -              |
| 2012 Various Purpose                                  | 7,585,000        | 8,460,000      | 9,310,000      | 10,135,000     | 10,920,000     | 7,445,000      | -              | -              | -              | -              |
| 2013 Various Purpose                                  | 6,680,000        | 7,555,000      | 8,465,000      | 8,585,000      | 8,705,000      | -              | -              | -              | -              | -              |
| 2014 Various Purpose                                  | 4,890,000        | 4,940,000      | 4,990,000      | 5,040,000      | -              | -              | -              | -              | -              | -              |
| 2015 Various Purpose                                  | 8,030,000        | 8,230,000      | 8,425,000      | -              | -              | -              | -              | -              | -              | -              |
| 2016 Various Purpose                                  | 11,335,000       | 11,715,000     | -              | -              | -              | -              | -              | -              | -              | -              |
| Notes   | 4,435,000        | -              | 6,500,000      | 10,785,000     | 4,285,000      | -              | -              | 5,300,000      | -              | 11,390,000     |
| Total Income Tax Supported                            | 49,830,000       | 55,325,000     | 52,820,000     | 52,775,000     | 43,400,000     | 28,405,000     | 25,672,600     | 24,179,100     | 19,917,550     | 16,196,150     |
| Amount available in the debt service fund             | -                | -              | -              | -              | -              | -              | -              | -              | -              | -              |
| Total Exempt Debt                                     | 49,830,000       | 55,325,000     | 53,943,200     | 54,342,800     | 45,394,850     | 33,974,200     | 31,639,600     | 30,528,300     | 26,637,250     | 23,342,050     |
| Net Debt Subject to Limitation                        | -                | 365,000        | 2,466,800      | 3,492,200      | 4,975,150      | 19,155,800     | 22,680,400     | 23,796,700     | 24,872,750     | 25,927,950     |
| Legal debt margin within 10.5% limitation             | \$ 108,274,872   | \$ 98,930,683  | \$ 91,339,039  | \$ 87,583,120  | \$ 83,472,668  | \$ 69,549,989  | \$ 66,078,366  | \$ 68,279,021  | \$ 68,219,952  | \$ 64,854,431  |
| Percentage of Net Debt to Assessed Value              | 0.00%            | 0.04%          | 0.28%          | 0.40%          | 0.59%          | 2.27%          | 2.68%          | 2.71%          | 2.81%          | 3.00%          |
| Percentage of Legal Debt Limit                        | 10.50%           | 10.50%         | 10.50%         | 10.50%         | 10.50%         | 10.50%         | 10.50%         | 10.50%         | 10.50%         | 10.50%         |
| Percentage of Legal Debt Margin                       | 10.50%           | 10.46%         | 10.22%         | 10.10%         | 9.91%          | 8.23%          | 7.82%          | 7.79%          | 7.69%          | 7.50%          |
| Unvoted debt limitation 5.5% of assessed valuation    | \$ 56,715,409    | \$ 52,012,024  | \$ 49,136,392  | \$ 47,706,120  | \$ 46,329,809  | \$ 46,464,937  | \$ 46,492,687  | \$ 48,230,140  | \$ 48,762,844  | \$ 47,552,676  |
| Total Indebtedness as of 12/31                        | 49,830,000       | 55,690,000     | 56,410,000     | 57,835,000     | 50,370,000     | 53,130,000     | 54,320,000     | 54,325,000     | 51,510,000     | 49,270,000     |
| Less Total Exempt Debt                                | 49,830,000       | 55,325,000     | 53,943,200     | 54,342,800     | 45,394,850     | 33,974,200     | 31,639,600     | 30,528,300     | 26,637,250     | 23,342,050     |
| Net Debt Subject to Limitation                        | -                | 365,000        | 2,466,800      | 3,492,200      | 4,975,150      | 19,155,800     | 22,680,400     | 23,796,700     | 24,872,750     | 25,927,950     |
| Legal debt margin within 5.5% limitation              | \$ 56,715,409    | \$ 51,647,024  | \$ 46,669,592  | \$ 44,213,920  | \$ 41,354,659  | \$ 27,309,137  | \$ 23,812,287  | \$ 24,433,440  | \$ 23,890,094  | \$ 21,624,726  |
| Percentage of Net Debt to Assessed Value              | 0.00%            | 0.04%          | 0.28%          | 0.40%          | 0.59%          | 2.27%          | 2.68%          | 2.71%          | 2.81%          | 3.00%          |
| Percentage of Legal Debt Limit                        | 5.50%            | 5.50%          | 5.50%          | 5.50%          | 5.50%          | 5.50%          | 5.50%          | 5.50%          | 5.50%          | 5.50%          |
| Percentage of Legal Debt Margin                       | 5.50%            | 5.46%          | 5.22%          | 5.10%          | 4.91%          | 3.23%          | 2.82%          | 2.79%          | 2.69%          | 2.50%          |

Ohio Bond Law sets a limit of 10.5% for voted debt and 5.5% for unvoted debt.

**City of Hilliard, Ohio**  
*Demographic and Economic Statistics*  
*Last Ten Years*

| Year | Population (1) | Total<br>Personal<br>Income (2) | Per Capita<br>Income (5) | School<br>Enrollment (6) | Unemployment<br>Rate (3) | Total Assessed<br>Property<br>Value (4) |
|------|----------------|---------------------------------|--------------------------|--------------------------|--------------------------|---|
| 2008 | 28,850         | \$ 1,100,022                    | 38,129                   | 15,136                   | 6.1%                     | \$ 864,594,107                          |
| 2009 | 28,927         | 1,106,226                       | 38,242                   | 15,523                   | 8.8%                     | 886,597,163                             |
| 2010 | 28,935         | 1,112,464                       | 38,447                   | 15,634                   | 7.6%                     | 876,911,630                             |
| 2011 | 29,250         | 1,175,499                       | 40,188                   | 15,689                   | 6.3%                     | 845,321,580                             |
| 2012 | 28,524         | 1,218,773                       | 42,728                   | 15,726                   | 5.4%                     | 844,817,040                             |
| 2013 | 28,595         | 1,254,377                       | 43,867                   | 15,758                   | 5.2%                     | 842,360,170                             |
| 2014 | 28,723         | 1,289,720                       | 44,902                   | 15,864                   | 3.7%                     | 867,384,000                             |
| 2015 | 28,952         | 1,348,295                       | 46,570                   | 16,045                   | 3.4%                     | 893,388,940                             |
| 2016 | 29,331         | 1,399,822                       | 47,725                   | 16,059                   | 3.4%                     | 945,673,170                             |
| 2017 | 34,631         | N/A                             | N/A                      | 16,290                   | 3.3%                     | 1,031,189,260                           |

Source: (1) "Population Estimates," published by the Mid Ohio Regional Planning Commission  
(2) Computation of per capita personal income multiplied by population(in thousands)  
(3) Ohio Labor Market Information  
(4) Franklin County Auditor  
(5) U.S. Department of Commerce, Bureau of Economic Analysis, Columbus MSA  
(6) Hilliard City School District

N/A - Information not available

**City of Hilliard, Ohio**  
*Principal Employers*  
*Current Year and Nine Years Prior*

| Employer                          | 2017                   |      |                                      | 2008                   |      |                                      |
|-----------------------------------|------------------------|------|--------------------------------------|------------------------|------|--------------------------------------|
|                                   | Number of<br>Employees | Rank | Percentage<br>of Total<br>Employment | Number of<br>Employees | Rank | Percentage<br>of Total<br>Employment |
| Hilliard City Schools             | 1,635                  | 1    | 6.41%                                | 1,792                  | 1    | 9.70%                                |
| Cellco Partnership dba Verizon    | 1,553                  | 2    | 6.09%                                |                        |      |                                      |
| Sedgwick Claims Mgmt Inc.         | 871                    | 3    | 3.41%                                |                        |      |                                      |
| BMW Financial Services            | 680                    | 4    | 2.66%                                | 522                    | 2    | 2.83%                                |
| Echosphere LLC                    | 501                    | 5    | 1.96%                                | 448                    | 3    | 2.43%                                |
| Micro Center Inc.                 | 325                    | 6    | 1.27%                                | 335                    | 5    | 1.81%                                |
| R. E. Rich Family Holding Corp.   | 272                    | 7    | 1.07%                                | 246                    | 6    | 1.33%                                |
| Verizon Business Network Services | 253                    | 8    | 0.99%                                | 416                    | 4    | 2.25%                                |
| Advanced Drainage Systems         | 175                    | 9    | 0.69%                                | 97                     | 10   | 0.53%                                |
| City of Hilliard                  | 155                    | 10   | 0.61%                                |                        |      |                                      |
| Baesman Painting Corp             |                        |      |                                      | 142                    | 8    | 0.77%                                |
| TALX UCM Services                 |                        |      |                                      | 242                    | 7    | 1.31%                                |
| Norwich Township                  |                        |      |                                      | 98                     | 9    | 0.53%                                |
| Total Employees                   | 6,420                  |      | 25.16%                               | 4,338                  |      | 23.49%                               |
| All Other Employers               | 19,101                 |      | 74.84%                               | 14,131                 |      | 76.51%                               |
| Total Employment within the City  | <u>25,521</u>          |      | <u>100.00%</u>                       | <u>18,469</u>          |      | <u>100.00%</u>                       |

Source: City Income Tax Department

**City of Hilliard, Ohio**  
*City Government Employees by Function/Program*  
*Last Ten Years*

| Function/Program                 | 2008       |            | 2009       |            | 2010       |            | 2011       |            | 2012       |            | 2013       |            | 2014       |            | 2015       |            | 2016       |            | 2017       |            |
|----------------------------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
|                                  | Full-Time  | All        | Full-Time  | All        | Full-Time  | All        | Full-Time  | All        | Full-Time  | All        | Full-Time  | All        | Full-Time  | All        | Full-Time  | All        | Full-Time  | All        | Full-Time  | All        |
| General Government               | 49         | 49         | 47         | 47         | 45         | 45         | 47         | 47         | 45         | 45         | 44         | 44         | 44         | 44         | 43         | 35         | 41         | 41         | 43         | 35         |
| Security of Persons and Property | 49         | 50         | 49         | 49         | 48         | 48         | 48         | 48         | 47         | 47         | 40         | 40         | 40         | 40         | 51         | 50         | 49         | 50         | 51         | 50         |
| Leisure Time Activities          | 23         | 35         | 21         | 32         | 19         | 29         | 18         | 28         | 18         | 28         | 18         | 28         | 18         | 28         | 19         | 28         | 19         | 48         | 19         | 48         |
| Basic Utility Services           | 1          | 1          | 1          | 1          | 1          | 1          | 1          | 1          | 1          | 1          | 1          | 1          | 1          | 1          | 1          | 1          | 1          | 1          | 1          | 1          |
| Transportation                   | 21         | 21         | 21         | 21         | 21         | 21         | 21         | 21         | 21         | 21         | 20         | 20         | 20         | 20         | 21         | 21         | 19         | 19         | 21         | 21         |
| <i>Total Number of Employees</i> | <u>143</u> | <u>156</u> | <u>139</u> | <u>150</u> | <u>134</u> | <u>144</u> | <u>135</u> | <u>145</u> | <u>132</u> | <u>142</u> | <u>123</u> | <u>133</u> | <u>123</u> | <u>133</u> | <u>135</u> | <u>135</u> | <u>129</u> | <u>159</u> | <u>135</u> | <u>155</u> |

Source: City Payroll Records

Note: Total number of employees does not include seasonal employees.

**City of Hilliard, Ohio**  
*Capital Assets Statistics by Function/Program*  
*Last Ten Years*

| Function/Program                  | 2008  | 2009  | 2010  | 2011  | 2012  | 2013   | 2014   | 2015   | 2016  | 2017  |
|-----------------------------------|-------|-------|-------|-------|-------|--------|--------|--------|-------|-------|
| General Government                |       |       |       |       |       |        |        |        |       |       |
| Government Center                 | 1     | 1     | 1     | 1     | 1     | 1      | 1      | 1      | 1     | 1     |
| Security of Persons and Property: |       |       |       |       |       |        |        |        |       |       |
| Number of Police Stations         | 1     | 1     | 1     | 1     | 1     | 1      | 1      | 1      | 1     | 1     |
| Number of Fire/EMS Stations (1)   | 3     | 3     | 3     | 3     | 3     | 3      | 3      | 3      | 3     | 3     |
| Leisure Time Activities:          |       |       |       |       |       |        |        |        |       |       |
| Number of Parks                   | 21    | 21    | 22    | 23    | 23    | 24     | 24     | 25     | 26    | 26    |
| Park Area (acres)                 | 285.0 | 285.0 | 285.5 | 316   | 316   | 324    | 324    | 531    | 531   | 531   |
| Number of Playgrounds             | 11    | 11    | 11    | 11    | 10    | 10     | 10     | 10     | 10    | 10    |
| Number of Swimming Pools          | 2     | 2     | 2     | 2     | 2     | 2      | 2      | 2      | 2     | 2     |
| Number of Community Centers       | 1     | 1     | 1     | 1     | 1     | 1      | 1      | 1      | 1     | 1     |
| Number of Senior Centers          | 1     | 1     | 1     | 1     | 1     | 1      | 1      | 1      | 1     | 1     |
| Basic Utility Services:           |       |       |       |       |       |        |        |        |       |       |
| Miles of Water Mains              | 128   | 129.3 | 130.1 | 131.9 | 131.9 | 132.4  | 133.5  | 135.1  | 137.7 | 140.1 |
| Miles of Sanitary Sewers          | 140   | 142   | 142.7 | 144.7 | 145.3 | 146    | 147.5  | 150.7  | 154.4 | 155.6 |
| Miles of Storm Sewers             | 118   | 122.4 | 123.4 | 126.7 | 126.8 | 127.56 | 128.56 | 130.46 | 133   | 134.8 |
| Transportation                    |       |       |       |       |       |        |        |        |       |       |
| Miles of Streets                  | 107   | 110.3 | 111.4 | 112.9 | 112.9 | 114    | 115    | 117.1  | 118.6 | 120.1 |
| Number of Street Lights           | 1,536 | 1,705 | 1,739 | 1,805 | 1,805 | 1,897  | 1,917  | 1,940  | 1,954 | 1,955 |
| Number of Traffic Signal Systems  | 34    | 33    | 34    | 36    | 36    | 36     | 36     | 36     | 36    | 36    |

(1) Fire Protection provided by Norwich Township

Source: City capital asset records

**City of Hilliard, Ohio**  
*Operating Indicators by Function/Program*  
*Last Ten Years*

|  | 2008    | 2009    | 2010    | 2011    | 2012    | 2013    | 2014    | 2015    | 2016    | 2017    |
|--|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| <b>General Government:</b>               |         |         |         |         |         |         |         |         |         |         |
| Active Income Tax Accounts               |         |         |         |         |         |         |         |         |         |         |
| Individual                               | 14,765  | 15,536  | 16,654  | 16,901  | 18,397  | 17,734  | 17,788  | 16,923  | 17,816  | 17,584  |
| Business                                 | 2,829   | 1,389   | 1,425   | 3,007   | 1,664   | 3,650   | 1,866   | 1,887   | 1,935   | 1,750   |
| Withholding                              | 3,050   | 1,662   | 1,708   | 4,427   | 2,546   | 5,339   | 2,842   | 3,057   | 3,228   | 3,237   |
| <b>Clerk of Courts:</b>                  |         |         |         |         |         |         |         |         |         |         |
| Traffic Court Cases                      | 3,114   | 2,018   | 1,879   | 2,440   | 2,153   | 2,962   | 2,472   | 2,816   | 1,862   | 1,915   |
| <b>Security of Persons and Property:</b> |         |         |         |         |         |         |         |         |         |         |
| Police Calls                             | 54,606  | 47,473  | 46,017  | 46,048  | 47,798  | 51,864  | 50,934  | 48,064  | 40,512  | 36,478  |
| Physical Arrests                         | 1,901   | 932     | 874     | 1,017   | 1,570   | 1,662   | 1,051   | 1,062   | 785     | 856     |
| Citations                                | 4,649   | 3,446   | 3,005   | 3,779   | 3,352   | 4,076   | 4,118   | 3,778   | 2,353   | 2,402   |
| Parking Violations                       | 51      | 20      | 65      | 44      | 38      | 207     | 374     | 66      | 179     | 369     |
| <b>Leisure Time Activities:</b>          |         |         |         |         |         |         |         |         |         |         |
| Swimming Pool Revenue                    | 512,572 | 548,545 | 611,778 | 656,037 | 724,922 | 709,491 | 608,941 | 561,749 | 554,069 | 565,007 |
| Community Center Revenue                 | 206,194 | 209,620 | 233,181 | 236,675 | 244,395 | 263,564 | 274,665 | 305,013 | 298,890 | 218,572 |
| Senior Center Revenue                    | 93,851  | 92,555  | 86,919  | 69,882  | 81,937  | 91,734  | 80,191  | 77,149  | 84,457  | 81,497  |

Source: Department annual reports

<sup>1</sup> The Regional Income Tax Agency (RITA) changed how they reported the number of active income tax accounts for the business and withholding categories in 2011. The City joined RITA in July 2007. In 2009 and 2010 RITA counted businesses that were located in various cities in the city that had the largest amount of withholding and/or the highest amount of tax paid by the business. In 2011, every city that received a return from a business is included in the appropriate category.